

Chief Financial Officer

FY 1996

Status Report

and

Five-Year Plan



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U.S. Department of Energy
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The information contained in this Status Report and Five-Year Plan is consistent with the requirements of Section 15.4 of OMB Circular No. A-11, revised

Reader Response Sheet

The Chief Financial Officer is interested in the comments and suggestions of those who read this document. Appendix C is a reader response sheet designed to provide information on ways to improve this report and make it more useful to you, our valued customer. Please take a few minutes to complete the response sheet and forward it to the address indicated

*Prepared by the Chief Financial Officer
Labor/Management Partnership*

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EXECUTIVE SUMMARY

The Chief Financial Officers Act of 1990 (CFO Act) establishes the legal framework for improved Federal financial management. The Act requires the agency CFO to prepare, and annually revise, a plan to implement the Office of Management and Budget (OMB) Federal Financial Management Status Report and Five-Year Plan. This is the fifth Status Report and Five-Year Plan submission to OMB by the

Department of Energy (DOE). This report sets forth the Department's plans for financial management improvements in the coming years and highlights several new, important initiatives completed or currently underway that will significantly improve the overall effectiveness of the financial management processes.

CFO Responsibilities

The Office of CFO oversees all financial management activities relating to DOE's programs and operations, including management of the Department's budget formulation and execution processes and development and maintenance of the Department's integrated accounting and financial management system, which includes financial reporting and management controls.

The Secretary of Energy and the CFO are firmly committed to excellence in all aspects of financial management. Under the strong leadership of Secretary O'Leary, the

Department has begun the long journey to achieving total quality management (TQM) in all of its administrative and scientific activities, business-type enterprises, and regulatory functions. This commitment is dramatically changing the way we do business. The TQM concept recognizes that people—our customers and employees—are the most important resource and has as its fundamental principle the need to actively involve those served in the planning and decision-making processes inherent to carrying out the DOE mission.

1996 Accomplishments

The Department, like other Federal agencies, is currently faced with severe Congressionally imposed reductions in both funding and staffing. As a result, a number of new initiatives were undertaken during the year to significantly improve the efficiency of our operations, particularly in the administrative areas. Much of what was accomplished during the past year was for the purpose of identifying and eliminating low priority activities not absolutely necessary to providing critical financial services and products to customers, as well as streamlining processes in critical

functional areas. Significant inroads have been made in improving our operations; however, funding and staffing reductions during 1997 will impact our ability to provide critical products and services in a timely manner.

The following is a representative sample of the Department's accomplishments during the past year. Future plans are outlined throughout the report and summarized in Appendix A.:

- The CFO, in partnership with the National Treasury Employees Union (NTEU),

undertook a major initiative to restructure the CFO organization to provide efficiencies and economies that would allow essential financial services to continue and customer demands to be met with reduced staffing levels. A Reorganization Design Team made up of management and bargaining unit representatives completed a comprehensive review of the CFO organization, functions, and processes and submitted final recommendations in July 1996. The Team's recommendations were accepted; however, some modification to the recommendations may occur during implementation early in 1997.

- As part of the Federal electronic commerce initiative, the Department has completed selection of a small purchase procurement system with electronic data interchange capabilities and a supporting gateway. The new system will result in a significant savings in the manpower devoted to small purchases.
- The Department participated in the development of the electronic data interchange conversions to be used between Federal agencies as a part of the Electronic Data Interchange/On-Line Payment and Collection System (EDIPAC). EDIPAC mapping for the Department has been completed and test data has been provided to the Department of Treasury (Treasury) Financial Management Service.
- The Department assisted in the design and served as a pilot agency for the Department of the Treasury's Automated Standard Application for Payments/Bank Request System which will replace its Federal Reserve Letter of Credit System.
- The Department served as a pilot agency

for FedSelect checks, Treasury's equivalent of a third-party draft. FedSelect checks are more economical than commercial third-party drafts. The first FedSelect check drawn by a program agency was by the Department's Chicago Operations Office.

- The Department continues to increase electronic payments with emphasis on travel, vendor, and miscellaneous payments. Currently 94 percent of the Department's employees participate in direct deposit for salaries while 64 percent of our travel payments to employees are made by direct deposit. In addition, approximately 93 percent of grantee and 38 percent of recurring vendor payments are made electronically.
- A pilot project was initiated by the CFO in cooperation with the Office of the Inspector General (IG) involving the preparation and audit of a Consolidated Statement of Financial Position for FY 1995. This successful pilot program identified specific areas for improvement and corrective action has been taken in each area.
- The CFO issued Performance Goals, Objectives, and Measures that further defines the specific goals and objectives of the organization and provides broad indicators of success in achieving those desired outcomes. The document defines a comprehensive oversight strategy to be implemented and will provide a basis for developing site specific performance measures at DOE sites, support audited financial statements, and performance based budgeting.
- The Department continued the consolidation of its accounting operations into three Financial Service

Centers—Albuquerque, NM; Oak Ridge, TN; and Capital Accounting Center, Germantown, MD. Four work groups have been established to specifically address issues for consolidating travel, payments, other accounting functions and Departmental Integrated Standard Core Accounting System (DISCAS) operations, and hardware/systems enhancements and implementation.

- The Department continued its budget streamlining efforts and succeeded in reducing the volume of budget materials transmitted to Congress by 28 percent while improving the quality of the budget materials. In addition, work on the budget data warehouse to standardize budget exhibits and data input continued. The database will permit all components of the Department to reduce the workload associated with the numerous submissions during the budget formulation and execution processes and enhance the analytical information contained in the budget.
- Completed several improvements to the Department's travel operations including: expanding Travel Manager usage to 100 percent at Headquarters (HQ); centralized field permanent change of station functions at HQs; Implemented travel direct deposit notification via E-mail in lieu of U.S. Mail; eliminated the imprest fund cashier activities; and developed and implemented a streamlined method for processing HQ and field permanent change of station vouchers for payment which established more reliable controls for reporting purposes.
- Completed a pilot mentoring program for selected CFO organizations to assist employees in the establishment of career goals and the development of a career path to achieve these goals through the use of individual development plans. The CFO-wide program will be implemented during 1997.
- The Department began work on a number of modifications or enhancements to its financial systems designed to improve efficiency and economies. These activities are presented in detail in Chapter 5—Technology/Information Architecture.
- There were significant accomplishments in the area of Office Automation including:
 - developed and implemented a travel history database which provides multiple years data in one location.
 - Developed and implemented a number of customized menus for users to enhance and simplify data retrieval and reporting.
 - Provide ability for DISCAS users to produce standard menu reports using prior year data. This allows users to produce reports of previous year's data utilizing existing programs and report formats.
- Conducted an in-depth evaluation of payroll service providers and selected a provider to perform Departmental human resource information processing services (cross-servicing).

FEDERAL VISION FOR FINANCIAL MANAGEMENT

Important government-wide efforts have been initiated to implement the provisions of the CFO Act, and much progress has been made. However, there must be a vision for financial management in the Federal Government, and goals and strategies for implementing that vision.

The National Performance Review (NPR) report *Creating a Government That Works Better & Costs Less* noted that “vastly improved financial management is critical to the overall effort to reform government.” The report contained several recommendations concerning financial management. One of the first steps taken by the CFO council in response to the NPR report was the development of a vision for Federal financial management.

In the spring of 1994, agency CFO’s and other financial managers drafted a vision statement, goals, and strategies that reflect the shape and substance of Federal financial management while recognizing the importance of partnerships with the customers of financial management. They sought the involvement of and input from senior program and administrative managers, Inspectors General, and others to gain their general views and specific suggestions. After much constructive deliberation, the following vision statement was promulgated:

Enabling government to work better and cost less requires program and financial managers, working in partnership using modern management techniques and integrated financial management systems—to ensure the integrity of information, make decisions and

measure performance to achieve desirable outcomes and real cost effectiveness.

This vision statement represents a marked departure from previous efforts to define financial management in the Federal Government. Building on the NPR theme of a government that works better and costs less, the vision statement underscores the point that financial management is not solely the province of financial managers—all Federal managers face financial decisions and activities on a daily basis as part of their overall program management.

The CFOs also defined the following four goals for implementing the vision (and several strategies for achieving each goal):

- To provide leadership to promote the efficient management of Government resources and assets
- To establish a government-wide financial management framework to provide sound financial policies and services and to facilitate effective communication
- To provide quality financial services to customers based on their needs
- To provide complete and useful financial information on Federal Government operations which fully supports financial and performance reporting

All four goals must be achieved if there is to be effective financial management. These goals are neither in particular order, nor is one more important than the other.

Table 1 crosswalks the DOE major strategic thrust areas to the OMB Government-wide

financial management goals and strategies.

Table 1. Crosswalk to OMB Strategies

OMB Goals and Strategies	Major Thrust				
	Financial Stewardship	Customer Orientation	Full Partnership	Human Resources Management	Technology/ Information Architecture
Leadership to Promote Efficient Management of Resources and Assets: Improve accountability Implement performance based oversight Marketing the vision Encourage risk-taking Build a partnership Acquire qualified staff	x x x x		x	x	
Quality Financial Services to Customers Based on Their Needs: Change from control to service Establish customer orientation Identify customer needs Achieve high standard of customer service Restructure customer work processes	x	x x	x x		
Provide Financial Information That Fully Supports Financial and Performance Reporting: Establish standards and definitions Create a system for integrating performance measures, cost information, and financial reporting Establish integrated financial management systems Provide cost-effective reporting, analysis, and advice					x x x x
Establish Government-wide Framework to Provide Sound Financial Policies and Services: Improve integration between budget and management functions Improve coordination among OMB, Treasury, and GAO Improve and expand outreach efforts Strengthen partnership between Executive and Congress	x x x		x		

ABOUT THE DEPARTMENT OF ENERGY

The Department's roots can be traced to the Manhattan Engineer District of the U.S. Army Corps of Engineers, established in 1942 to manage the development of the atomic bomb. After World War II, Congress created the Atomic Energy Commission to direct the design, development, and production of nuclear weapons and the development of nuclear reactors, and to regulate the commercial nuclear power industry. In 1975, Congress replaced the Atomic Energy Commission with two new agencies: the Nuclear Regulatory Commission and the Energy Research and Development Administration.

The Department of Energy Organization Act (Public Law 95-91) of August 4, 1977, provided the legislative basis for the DOE. By consolidating the energy functions formerly vested in several Federal agencies under one cabinet-level department, DOE provided a new and sharpened focus to the Government's role in meeting the challenge of creating a more secure energy base for the Nation. Figure 1 shows the current organization of the Department.

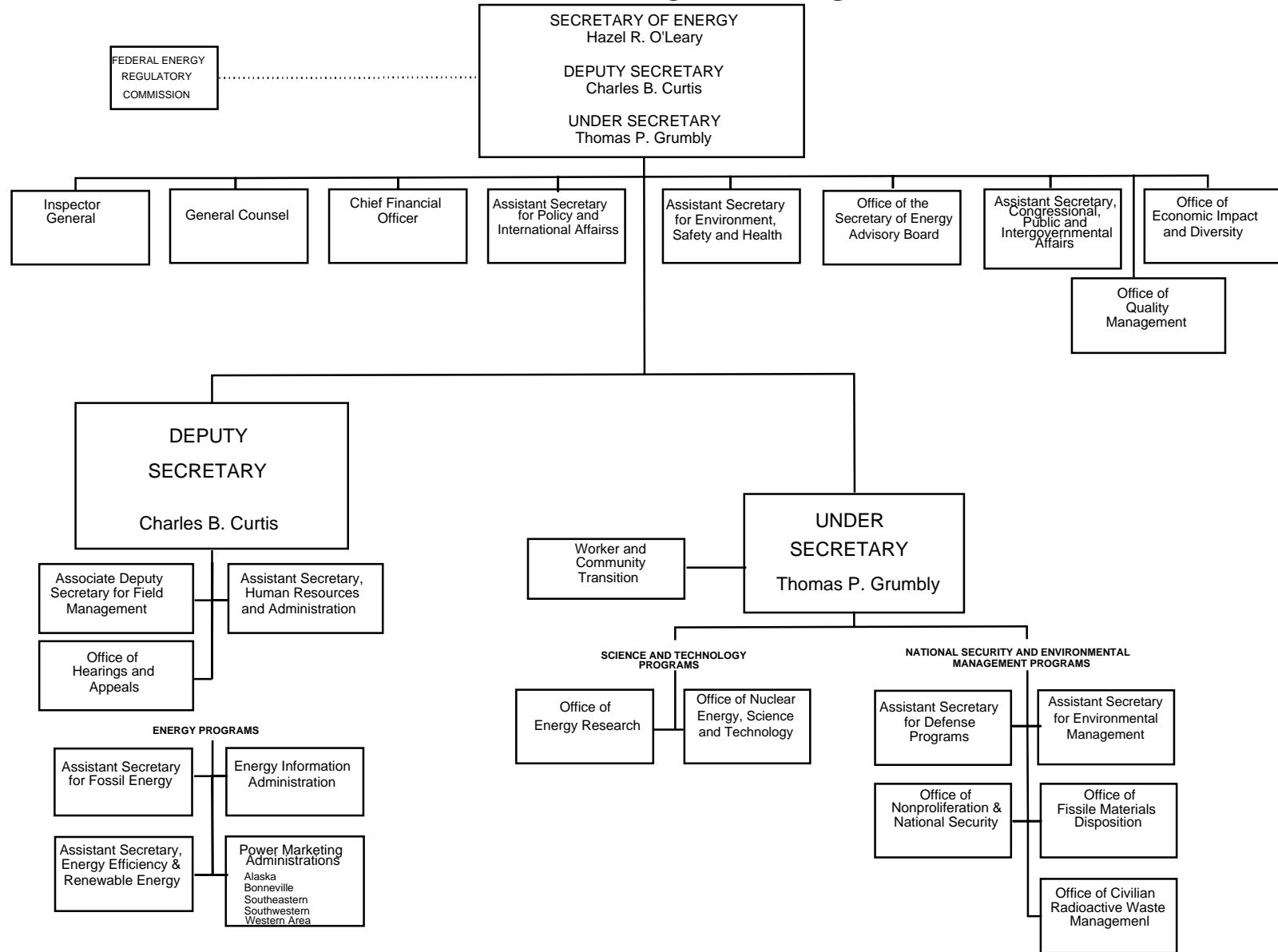
In the years since its inception, Federal employment at DOE has decreased from more than 21,000 employees in fiscal year (FY) 1980 to about 18,400 as of September 1996. Current projections are that Federal employment would further decline as the result of strategic alignment and downsizing initiatives. Private-sector employment with the Department's integrated management and

operating contractors at DOE laboratories and other facilities is also on the decline from a high of 148,700 in FY 1992, to a projected level of 113,700 by the end of 1996. Budgetary resources have ranged from \$11.1 billion in FY 1978 to \$19.6 billion for FY 1993 and \$16.3 billion for FY 1996.

On May 3, 1995, Secretary O'Leary announced a strategic alignment and downsizing initiative that will yield approximately \$1.7 billion toward the Administration's deficit reduction efforts and result in better, more cost-effective means of performing the core missions defined in the Department's Strategic Plan. The alignment and downsizing package includes closing 24 offices, reducing Federal employees by 3,788 from 1995 levels, and cutting costs in a variety of other areas. In response to Secretary O'Leary's strategic alignment and downsizing initiative, President Clinton said, "For two years, the Department of Energy has been in the forefront of the Administration's effort to improve service to the American people, reduce costs and open government to the public. Now, the Department and Secretary O'Leary are building on that outstanding record by cutting the size of government and bringing government closer to the people we serve."

For more information about the DOE, you can access its Internet home page at <http://www.doe.gov>.

DEPARTMENT OF ENERGY



MISSION OF THE DEPARTMENT OF ENERGY

The Department's Strategic Plan, published in April 1994, reestablished its mission as follows:

The Department of Energy, in partnership with our customers, is entrusted to contribute to the welfare of the Nation by providing the technical information and the scientific and educational foundation for the technology, policy, and institutional leadership necessary to achieve efficiency in energy use, diversity in energy sources, a more productive and competitive economy, improved environmental quality, and a secure national defense.

In meeting this mission, DOE is responsible for ensuring that the United States has sufficient energy to meet its future demands and for planning and implementing programs and projects to move the country toward the energy environment of the future. The Department also plans, produces, transports, controls, maintains, reprocesses, and disposes of nuclear weapons and fuels that are integral to both the Nation's defense and its civilian nuclear power production. DOE further supports basic and applied research and technology transfer in the sciences, engineering, mathematics, and supercomputers and manages programs and projects implemented by government, the private sector, and private-public partnerships.

Public missions vested with the Department fundamentally affect the security, prosperity, and quality of life of current and future

generations. DOE commitments are designed to improve its ability to deliver its missions, which include:

Protecting National Security and Reducing the Nuclear Danger:

The Department's weapons laboratories are the Nation's repository for knowledge and engineering competence with regard to nuclear weapons. This unique and irreplaceable human resource helped maintain peace and world stability during the Cold War era. DOE labs and facilities now are being redirected to: continue the safe dismantlement of thousands of nuclear weapons in coming years; ensure a safe and reliable nuclear stockpile without testing; guard against nuclear terrorism; and curb the proliferation of weapons of mass destruction. Although the Department faces a historic opportunity to further reduce nuclear stockpiles, nuclear dangers persist due to the availability of large quantities of weapons-grade materials throughout the world. Security against such risks will continue to depend on the technical expertise of DOE and its laboratories.

Enhancing The Nation's Energy Security:

Guarding against energy supply disruptions and their associated threats to the United States remain fundamental priorities for the Department. The reasons why are clear: By the year 2010, the U.S. trade deficit in oil is projected to double to \$100 billion per year; U.S. oil imports will

grow to 60 percent of domestic consumption; and Persian Gulf oil producing nations will provide more than 70 percent of the world's oil exports—surpassing their peak of 67 percent in the embargo year of 1974. Continued federal investments in a diverse portfolio of energy supply and efficiency-related research and development (R&D) helps ensure against future energy crises that could cripple the Nation's economy. The Department, in partnership with industry and academia, has pioneered technologies that are resulting in tens of billions of dollars in consumer energy savings each year. Further R&D, aimed at enhancing the production and efficiency of the use of conventional fuels and developing alternative energy sources, must be explored as part of a national program to provide secure, reliable, and diverse energy resources for the future.

Environmental Cleanup and Stewardship: The Department handles some of the most challenging and highest risk environmental problems in the world. Thousands of radioactive and hazardous waste sites at 15 major locations in 13 states require careful and highly sophisticated approaches to cleanup to ensure the protection of public health and safety. However, the Environmental Management program is more than simply cleanup. It also has the responsibility of providing stewardship over 26 tons of plutonium, managing potentially explosive underground radioactive waste tanks, developing new technologies that will drive down future cleanup costs, and decommissioning and stabilizing more than 7,000 buildings. Beyond the environmental management challenges, the Department and its laboratories also

play a vital role in developing pollution prevention technologies that will save billions of dollars while reducing waste.

Advancing Frontiers of Science and Technology: The Nation has reaped enormous benefits from investments in science and technology over the past 50 years, yet continued scientific advancement—the fuel for technology's engine—will be essential for continued economic prosperity and national security. The Department's National Laboratories provide world-class facilities from the smallest detectable elements of nature to the farthest reaches of the universe. R&D programs have contributed to the Nation's knowledge base, and to the Department's capacity for innovative solutions to emerging problems and national needs, and will continue to do so. Research supported by the Department and its predecessor agencies has earned 59 Nobel prizes and countless other distinctions from the science and technology community.

The majority of the Department's energy R&D and nuclear weapons R&D is performed by integrated management and operating contractors that operate Government-owned facilities. DOE field offices provide both a formal link between DOE Headquarters and the field laboratories and other operation facilities and oversight and control of the day-to-day activities of the integrated management and operating contractors. Figure 2 depicts the DOE field relationships.

DOE has a number of field elements concerned primarily with specific programs, such as the Strategic Petroleum Reserve, the Naval Petroleum and Oil Shale Reserves, and the development of nuclear reactors for the U.S. Navy. The marketing and transmission of electric power produced at Federal

hydroelectric projects and reservoirs are the responsibility of the five power marketing administrations. The Department's missions in national security, energy, weapons site cleanup, and science and technology are extremely demanding and of great importance to the future of the Nation. The challenge is to perform these responsibilities within a shrinking budgetary environment. This requires that the Department must do things differently in the future than it has in the past. Processes that currently are burdensome and redundant must be simplified and dollars must be saved across-the-board. The path to be

followed, through the Strategic Alignment and other initiatives, will be difficult. Restructuring DOE's activities will bring new challenges to the workforce. Creating a government that works better and costs less is a compelling and exciting goal. DOE has embraced that goal and is proving that it can be done.

DEPARTMENT OF ENERGY FIELD RELATIONSHIPS

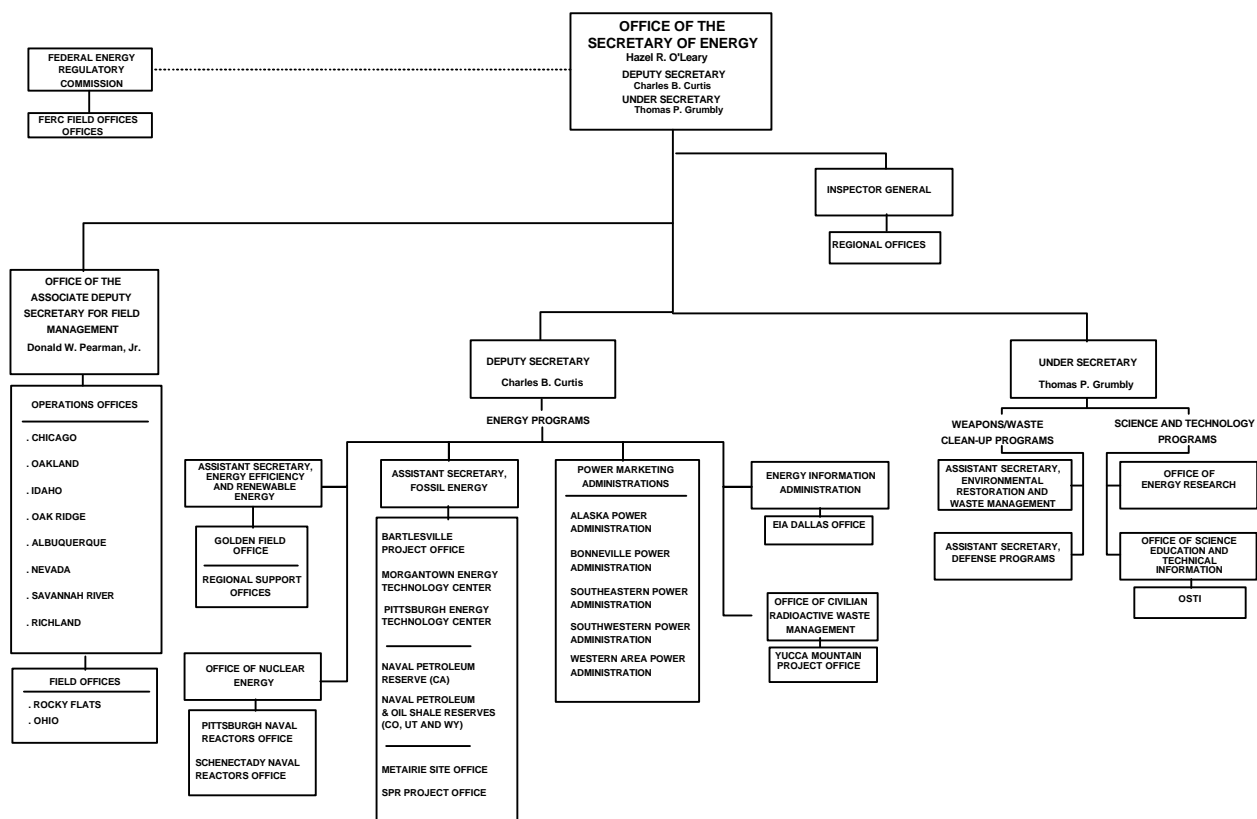


Figure 2. Department of Energy Field Relationships

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FINANCIAL MANAGEMENT AT THE DEPARTMENT

The Department's financial management activities operate in a decentralized mode under the central control or guidance of the CFO. The CFO develops and implements financial management policies and procedures used throughout the Department. These are supported by efficient computer systems and centralized financial reporting.

Prior to the passage of the Chief Financial Officers Act of 1990 (Public Law 101-576), the Department had established a strong financial management organization headed by a Controller who reported to the Secretary of Energy. Only minor organizational changes were required to implement the requirements of the CFO Act.

CFO's Vision for Financial Management

Financial management within DOE, and the Federal government as a whole, is on the threshold of significant change. The need to significantly reduce the ever-burgeoning budget deficit severely limits the financial resources available to carry out Federal programs. Promoting efficiency and economy in the use of these resources is vital to achieving our national goals, and financial considerations have become an integral part of the decisional process in carrying out the Department's mission.

The importance of realizing the greatest value for every taxpayer dollar spent—while

maintaining the necessary controls to ensure that no dollars are spent unwisely or improperly—mandates that, in the field of financial management, the Department be a recognized leader and ranked among the best in government and industry. This is the CFO's vision for financial management.

While maintaining the highest standards of professionalism, integrity, and ethical behavior, every DOE employee accepts responsibility for stewardship of financial resources. All personnel, both financial and nonfinancial, work together as full partners in making program and financial decisions.

We operate in a culture where commitment to quality customer service is a way of life. We continuously strive to provide the products and services our customers want and need, when they need them, and we get them right the first time in a friendly, caring manner. DOE financial management personnel are highly skilled, motivated, well-trained, diverse, talented, and innovative team players who are empowered and provided with modern, dependable financial systems and other resources needed to improve quality in their organizations and achieve extraordinary customer satisfaction in support of the Department's mission.

Our current initiatives place us squarely on the path to realizing this vision; however, we know these are just the first steps and that

much remains to be done. Through diligence,dedication, and the effective use of our most valuable resource—our employees—the remaining steps will be taken through implementation of the Financial Management Strategic Plan.

Financial Management Strategic Plan

During the fall of 1993, the Office of the CFO began a concerted effort to plan for the future and to improve the quality of its products and its customer service. To provide a framework for making the Department's financial management community the "best in class" by the year 2010, the CFO instituted a strategic planning process. CFO management, customers, and stakeholders met in planning sessions to develop the Department's first Financial Management Strategic Plan. By March 1994, the initial plan was completed and widely distributed. The plan fully supports the Management Practices Critical Success Factors outlined in the Departments overall Strategic Plan published in early 1994 and the government-wide strategic plan for financial management.

The Financial Management Strategic Plan is premised on the comprehensive vision that begins:

The Department of Energy is a leader in the field of financial management and is ranked among the best in government and industry.

The vision then unfolds unto five interrelated major thrust areas, as follows:

- **Financial Stewardship** focuses on the responsibility of managing the

Department's financial resources ethically and with integrity.

- **Full Partnership** emphasizes a culture of cooperation and support between financial managers and program officials.
- **Customer Orientation** focuses on recognizing customer needs, requirements, and expectations for financial management products and services.
- **Human Resources Management** emphasizes the creation of a highly skilled, motivated, empowered, and diverse workforce.
- **Technology/Information Architecture** recognizes the importance of financial management information structure and automated systems. The success of this crosscutting thrust is instrumental in accomplishing the other strategic thrust areas.

The major thrusts are supported by one or more goals, objectives, and strategies, and they have become an umbrella for all CFO initiatives; including those resulting from contract reform efforts and other quality activities.

Downsizing and reengineering initiatives have resulted in a number of changes to the CFO's mission. Examples include the movement away from compliance reviews of the Department's contractors and more reliance on performance measurement oversight, and consolidation of the Department's accounting operations from nineteen to three regional accounting centers. The changing mission and method of delivering services emphasizes a

need to revisit the CFO's Financial Management Strategic Plan. The CFO Labor/Management Partnership (Partnership) will coordinate and facilitate a strategic planning process in the Fall of 1996 that will redefine and refocus the organization's activities. The organization's goals and objectives will be redirected toward meeting the "critical few" performance measures that will ensure continued financial service to our customers at lower cost and with fewer staff. As with earlier planning efforts, the Fall process will include input from within the CFO organization, as well as from customers and stakeholders.

Appointment of the CFO

On May 19, 1994, President Clinton nominated Mr. Joseph F. Vivona to serve as the Department's first presidentially appointed CFO. Since enactment of the CFO Act, and prior to Mr. Vivona's appointment, the position of Acting CFO was held by the Department's Controller, a career Senior Executive Service employee. Mr. Vivona was confirmed by the Senate on July 21, 1994, and took the oath of office on July 25, 1994. He served in that position until May 1996 when he resigned to accept a position in academia.

In June 1996, Secretary O'Leary appointed Mr. Donald W. Pearman, Associate Deputy Secretary for Field Management, to serve as the Department's Acting CFO. Mr. Pearman brings more than twenty-five years of Federal experience to the position of CFO that included assignments at DOE HQ as well as several field sites. He is the recipient of the Meritorious Executive Rank Award from

President Bush, the Secretary of Energy's Award, and the prestigious Distinguished Rank Award from President Clinton.

Mission of the CFO

The mission of the CFO is to administer the Department's financial operations and to ensure their integrity. In undertaking this mission, the CFO advises and assists the Secretary and other Departmental officers in the management and control of the Department's assets and financial resources; cooperates and negotiates in balancing program priorities to formulate and implement Departmental strategies; maintains the effectiveness and integrity of financial systems and reports; and provides financial policy and guidance to ensure the Department's compliance with laws, statutes, and regulations. The CFO places value on quality service to customers and promotes the implementation of new technology and procedures to increase the effectiveness and efficiency of financial management in support of the Department's mission.

A new CFO mission statement was drafted as part of an organizational redesign effort during the first half of 1996. The resulting revised statement, discussed below under CFO Organizational Structure, provided the redesign team with direction during its work. While published in the Reorganization Design Team report, the revised mission statement has not been formally adopted by CFO management, customers, or stakeholders. The revised statement will, however, be considered during the Fall 1996 strategic planning process.

CFO Organizational Structure

The CFO currently functions through five office directors at Headquarters and through field CFOs at locations with accounting, budgeting, and financial analysis functions. Figure 3 and Table 2 identify the offices currently responsible for carrying out Headquarters CFO functions. This organization has been in place since 1986, with some relatively minor changes between the major functional offices.

In the Fall of 1995, the Controller, CFO Office Directors, and NTEU put together a cross-functional, diverse, self-directed team to look at possibilities for reorganizing the Office of CFO. The Team was comprised of a Senior Executive Service manager, line supervisors, and bargaining unit employees appointed by the National Treasury Employees Union. The Team also called upon other CFO staff members, such as Customer Focus Advocates and Management and Operating contractor staff detailed to the CFO organization, to assist in data collection and analysis. The initiative was driven by three factors: some segments of the Office were changing missions or methods of delivering services; recognition of the Secretary's Strategic Alignment Initiatives staffing targets; and realization that buy-outs, reduced staffing allowances, and other attrition were going to result in the loss of a great amount of institutional knowledge. With staffing reductions and the loss of senior employees, it was necessary to look for organizational changes and efficiencies that would allow essential financial services to continue and customer demands to be met at a lower cost and staffing level.

The Team began their work using a "clean slate" approach. There were no preconceived notions of what the CFO organization should look like or what the Team recommendations would be. They approached their task with imagination and openness to change and a willingness to "think out of the box" unrestricted by what has been.

Administers the Department's financial management activities and ensures its financial integrity. In pursuing this mission, the CFO provides the Department's officials and programmatic missions with a full range of financial services including obtaining sufficient funding by planning, formulating, presenting, and supporting the defense of a responsible and comprehensive Departmental budget; managing and controlling the Department's financial resources by partnering with program offices, balancing program priorities, maintaining effective financial systems and providing reports and analysis, and financial policy and guidance to ensure compliance with laws, statutes, and regulations; assuring continuity of operations by providing accounting, disbursement, asset management, and other quality service to our customers; and providing timely, accurate, consistent, and relevant full-cost executive information for assessing budgetary integrity, operating performance, stewardship, and internal controls which are essential in planning and performing the Department's mission functions economically, efficiently, and effectively.

As mentioned earlier, as the RDT became more involved in examining detailed functions of the Office of CFO, it became clear the members needed to have a better understanding of the overall mission of the Office. In considering the functional activity being reviewed, the RDT developed the following CFO mission statement.

This mission statement served as a framework of functions the CFO organization must accomplish to provide customers the service and information they need.

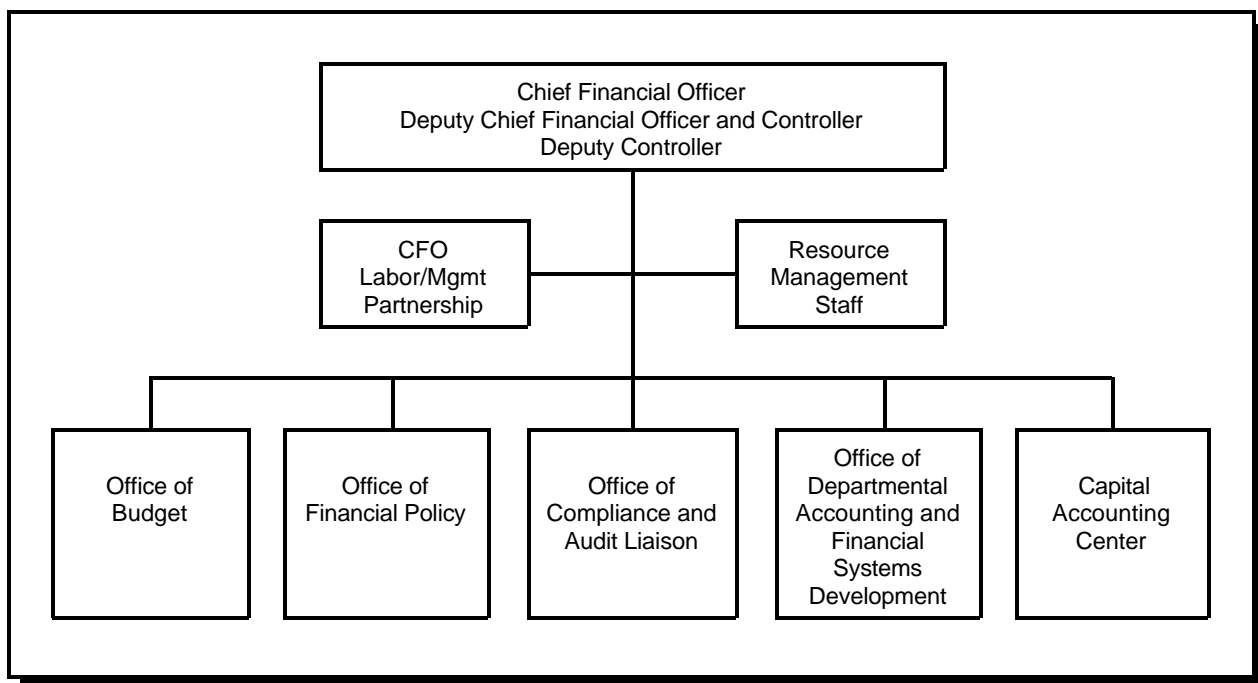


Figure 3. CFO Headquarters Organizational Chart

Table 2. Headquarters Financial Functions Directed by the CFO

Office	Responsibility
Office of Budget	Formulates, validates, presents, and executes the Department's budget; develops budget formulation and execution policy and procedures; and develops budget information systems.
Office of Financial Policy	Develops, interprets, and publishes the Department's accounting and financial policies and procedures.
Office of Compliance and Audit Liaison	Administers a departmentwide management control program for the Federal Managers' Financial Integrity Act, coordinates the audit resolution and followup program, conducts on-site performance based business management system reviews, and oversees the Department's financial performance measurement and oversight process.
Office of Departmental Accounting and Financial Systems Development	Performs departmental accounting functions, including special accounting services, central reporting, and payroll. Directs, develops, and implements the Department's financial systems efforts, coordinates the preparation of the Department's audited financial statements.
Capital Accounting Center	Performs all accounting services that support Headquarters staff, including administrative control of funds, cash management, oversight of three integrated M&O contractors and financial reporting as well as selected accounting functions in support of field elements.

Using a process that focused on customers first, the team collected and analyzed data from CFO management, employees, customers, and stakeholders, as well as from other Federal agencies who may have undergone similar organizational realignments. As that information was gathered, the RDT prioritized the functions of the Office and clustered similar functions for efficiencies and economies. Organizational boxes were not drawn until the end of the process and were based on the functional accumulations. In July 1996, the RDT issued its final report to CFO senior management. The RDT's report included recommendations for extensive organizational changes designed to create an organization that is more customer focused,

more effective in the utilization of resources, and heighten support for development of state-of-the-art financial systems. It reduced management layers and was consistent with recommendations proposed in the Secretary's Strategic Alignment Initiative. The RDT presented its findings and recommendations to CFO management and staff during a series of meetings held in August 1996. The RDT's recommendations were accepted by senior CFO management in August and steps are currently being taken to implement the new structure.

The RDT's recommended CFO organizational structure is shown in figure 4.

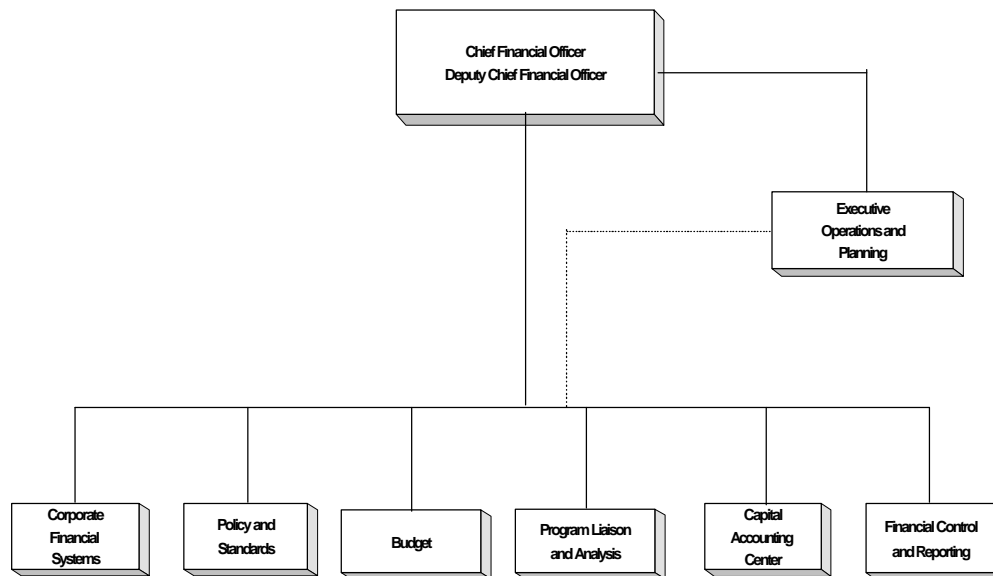


Figure 4. Proposed CFO Organizational Structure

Field Financial Management Organizational Structure and Reporting Relationships

The Department has 24 field offices with responsibilities for varying degrees of financial management. Since 1992, the 10 largest offices have had a uniform organizational structure composed of a field office CFO supported by 3 suborganizations—accounting, budgeting, and financial review. This uniform organizational structure has generally not been implemented in the remaining 14 field finance offices due to their size, lack of M&O contractor oversight responsibilities, or the nature of their activities, such as power marketing administrations. While some field offices do not have a CFO, many of them have adopted those portions of the uniform organizational structure that would improve

their effectiveness.

The field CFOs at the 10 major offices report directly to their local field office manager, as well as to the Department's CFO, on all financial management matters. This dual-reporting relationship has strengthened the Department's financial management by improving communication and teamwork.

Under this reporting relationship, the CFO has authority for approving all key financial management personnel actions, including the selection of field CFOs and approval of position descriptions and qualification standards. Also, the CFO has shared responsibility with field office managers for other personnel actions such as annual performance appraisals, proposed awards, and disciplinary actions.

FINANCIAL STEWARDSHIP

Administratively, the Department continues to emphasize professional excellence, accountability, and responsibility. The CFO Act further institutionalized an environment of positive financial stewardship within the Department.

Issues and potential barriers identified in this area include the difficulty of increasing requirements and expectations in an environment of declining or constrained resources. This is becoming even more difficult in light of recent Congressional action on the Department's FY 1997 appropriations acts that have further reduce staffing and funding levels in the CFO organization.

The CFO, when developing the *Financial Management Strategic Plan*, established financial stewardship as one of five critical strategic thrust areas. The Plan defines "financial stewardship" as the responsibility of managing the financial resources of the Department and effectively executing these responsibilities with integrity and ethical conduct. The plan identifies several objectives for achieving financial stewardship and further subdivides these into specific strategies. The major objectives include the following:

- Ensuring the integrity and reliability of financial management records and data to

assure compliance with laws and regulations and prevent fraud, waste, and abuse.

- Managing financial resources to optimize cost effective use of taxpayer dollars.
- Instilling stewardship as a responsibility of every Department employee.

Status

When the *Financial Management Strategic Plan* was presented to Secretary O'Leary in the spring of 1994, she enthusiastically supported its goals, objectives, and strategies and pointed to several objectives in particular she wanted to implement as early as possible. In the area of financial stewardship, the Secretary directed the CFO to take immediate steps to accomplish the objective of instilling stewardship as a responsibility of every Department employee.

In response, the CFO formed the Financial Stewardship Development Team comprised of representatives from the CFO and program offices as well as several field offices. The Team's efforts focused on encouraging continued management commitment to financial stewardship and establishing an outreach and training program.

Accounting Standards/Principles

The CFO takes necessary steps to ensure that Departmental guidance on accounting principles, standards, requirements, and management control standards is in full compliance with applicable statutory or regulatory requirements from the General Accounting Office (GAO), OMB, Treasury, and any other regulatory body. The CFO establishes this guidance through published accounting directives that contain policies and general procedures covering the broad range of accounting activities within the Department. With the exception of the Bonneville Power Administration (BPA) and the Federal Energy Regulatory Commission (FERC), the accounting directives are binding on all components of the Department, including its integrated contractors. Due to the nature of their work and statutory and regulatory requirements, BPA and FERC maintain their own accounting directives.

The CFO conducts regular reviews of DOE's accounting principles, standards, requirements, and management control standards to ensure compliance with relevant statutory and regulatory requirements, to evaluate their adequacy relative to new or revised requirements and audit findings, and to respond to other issues that surface. Before new or revised requirements are issued, they undergo a formal Department-wide coordination process so they are scrutinized from the perspectives of accounting and other disciplines.

The Department also establishes and maintains an effective interface with central Federal agencies such as OMB, GAO, and Treasury and with Federal accounting-standards-setting bodies, including the Federal Accounting Standards Advisory Board (FASAB). The

CFO serves as the Department's lead for coordinating financial policies and initiatives, including referring agency-specific accounting issues to these bodies. In this capacity, the CFO reviews and oversees the coordination of draft standards and regulations across the Department and prepares consolidated comments. With the Department's Deputy Controller as the civilian agency representative to FASAB, it is able to undertake a more active and expanded role in the development of FASAB standards. Further, as these standards are published, the CFO is responsible for implementing and interpreting the requirements established by the standards.

Status

Existing accounting directives were evaluated against new and revised regulatory and statutory requirements, relevant audit and review findings, and issues that surfaced during the year. As a result, interim guidance was issued in the following areas: cash transfers resulting from work between our integrated M&O contractors, work for others, inventories, and recognition of contractor post-retirement benefits other than pensions.

Our support of the Department's directives reduction effort continued with primary focus on identifying and eliminating non-essential requirements and redundancy, and consolidation of requirements. The streamlining effort resulted in approximately a 50 percent reduction in the number of pages of CFO accounting guidance including the elimination of eight accounting directives.

New and revised M&O and other major contracts are being reviewed for consistency with standard financial management clauses.

Plans

The CFO will continue to review and modify, as necessary, existing Departmental accounting principles, standards, requirements, and internal control standards to maintain consistency with new or revised requirements. In addition, the quality of CFO guidance will

be enhanced with the continued adherence to Federal Financial Accounting Standards and generally accepted accounting principles. The CFO will continue to maintain an effective interface with the central agencies and with bodies that set Federal accounting standards, particularly with FASAB.

Asset Management

DOE is committed to the effective management of its assets and the operation of efficient systems for cash management, credit management, debt collection, and property and inventory management and control in

compliance with applicable laws, regulations, and central agency guidance. As of September 30, 1995, the Department's assets totaled \$100.8 billion (Table 3).

Table 3. Summary of DOE Assets as of September 30, 1995

Assets	Value (billions of dollars)
Fund balances and cash	\$ 12.9
Accounts Receivable, net of allowances	5.5
Inventories	43.2
Investments	6.5
Property, plant, and equipment (net of accumulated depreciation)	24.2
Other	8.5
Total	\$100.8

Cash Management

Status

The Department continues to expand its use of the latest technologies available to provide maximum utilization of the Government's cash resources. As a part of the Federal electronic commerce initiative, the Department has completed selection of a small purchase procurement system with Electronic Data Interchange (EDI) capabilities and a supporting gateway. The system will be implemented Department-wide, beginning with HQ. When fully implemented, a significant savings in the manpower devoted to small purchases is expected.

The Department participated in the development of the EDI conventions to be used between Federal agencies as a part of the EDI/On-line Payment and Collection System (EDIPAC) working group. EDIPAC mapping for the Department has been completed and test data has been provided to the Financial Management Service. Implementation by the three pilot agencies—Defense, Federal Prisons, and Energy—will begin in August 1996. When fully implemented, EDIPAC will result in a significant reduction of effort required in the collection, payment, and accounting for inter-agency transactions.

The Department assisted in the design and served as the pilot agency for Treasury's Automated Standard Application for Payments/Bank Request (ASAP/BR) System which will replace its Federal Reserve Letter of Credit System. ASAP/BR provides for on-line authorization of funds to contractors, reduces paperwork for the servicing banks, and permits excess drawdowns to be returned directly to the account at the Federal Reserve Bank of Richmond. Department-wide

implementation of ASAP/BR is scheduled for completion by December, 1996.

The Department served as a pilot agency for FedSelect checks, Treasury's equivalent of a third-party draft. FedSelect checks are more economical than commercial third-party drafts. The first FedSelect check drawn by a program agency was by our Chicago Operations Office.

Treasury's Electronic Certification System (ECS), which provides greater control over the timing of disbursements, has been implemented Department-wide.

Major efforts were made by the Department to increase electronic payments with emphasis on travel, vendor, and miscellaneous payments. Currently, 94 percent of the Department's employees participate in direct deposit for salaries. Sixty-four percent of our travel payments to employees are made by direct deposit, reflecting an increase from our FY 1995 rate of eleven percent. Approximately 93 percent of our grantee and 38 percent of our recurring vendor payments are also made electronically. In contrast to paper checks, payments made electronically are faster, more secure, and less costly.

Use of electronic funds transfer for collections continues to be successful. For FY 1995, revenues derived from non-Federal sources from the sale of products and services for commercial-type activities were approximately \$3.1 billion. Of this amount, \$2.7 billion was the result of wholesale power sales. Most collections for wholesale power sales were received electronically. All collections for interest payments under the Department's Bank Deposit Financial Assistance Program are received via ACH transfer. Nuclear Waste

Fund disposal fees, Decontamination and Decommissioning (D&D) fees, and Federal Energy Regulatory Commission fees, totaling \$821 million, were collected primarily by electronic funds transfer.

International Merchant Purchase Authorization Credit (IMPAC) cards are now used Department-wide for small purchases. The cards are designed to simplify the procurement process, reduce administrative costs, and reduce cash held in imprest funds.

The Department's travelers are using their travel charge cards for obtaining advances by automated teller machine.

Six Treasury lockboxes are now in use by the Department. All have electronic collection capability. Lockboxes eliminate internal processing, reduce mail float, and generally accelerate the availability of funds. In addition to Treasury lockboxes, the Department uses Remittance Express accounts at the Federal Reserve Bank of Richmond to receive automated clearing house transfers from its customers.

Plans

The Department has in place an aggressive plan to enhance its business management operations through increased use of electronic payments and collections. These efforts include the following:

- Implementation of all electronic payment requirements of Public Law 104-134.
- Implementation of an EDI enabled small

purchase procurement system Department-wide.

- Participation in the Electronic Commerce, EDI/On-line Payment and Collection System (EDI/OPAC), ACH Focus Working Group, and selected National ACH working groups. The Department will serve as a pilot office with the Defense Finance and Accounting Service on EDI/OPAC. The switch to EDI/OPAC will significantly reduce the workload of both agencies related to inter-agency receivables and payables.
- Promotion of Electronic Funds Transfer (EFT) for travel, vendor, and miscellaneous payments. Special emphasis will be placed on increased usage of automated clearing house (ACH) transfer to pay travelers and vendors in FY 1997.
- Expansion of host-to-host payment schedule transfer capability.
- Promotion of EFT and Remittance Express for collections.
- Expand the use of FedSelect checks to replace imprest fund and commercial third-party drafts.
- Distribution of remittance advices to vendors and travelers via Internet

The CFO has established the following goals for electronic payments:

- 90 percent of travel payments by September 1997, and 60 percent of vendor and miscellaneous payments by September 1997.

RECEIVABLES MANAGEMENT

The Department fully complies with and supports the laws, regulations, and central agency initiatives for improving Federal credit management and debt collection. Where applicable, the Department has adopted the principles and regulations as policy and incorporated them in directives. The Department is not a credit agency; accordingly, most of its efforts focus on the management and collection of receivables.

The Department's receivables fall into five major categories: petroleum pricing violations, power marketing sales, D&D fund fees, nuclear waste disposal fees, and all other receivables. These are discussed below.

Petroleum Pricing Violations

Petroleum pricing violation receivables are amounts to be collected from firms that had engaged in alleged or adjudicated violations of petroleum price and allocation regulations established as a result of the Emergency Petroleum Allocations Act of 1973. These non-government funds are deposited in the Department's Petroleum Pricing Violation Escrow Fund in a fiduciary capacity. They are subsequently distributed to third parties determined to have been injured by the violations or used for other authorized purposes.

During 1995, the Department continued its aggressive actions to settle or write-off long

outstanding receivables due from firms that had engaged in alleged or adjudicated violation of the petroleum price and allocation regulations. Efforts continue to close the petroleum pricing violation program in the next two years.

Power Marketing Sales

Power marketing receivables result from sales to utilities of electric power and related services from the Department's five power marketing administrations.

Uranium Enrichment Decontamination and Decommissioning (UEDD) Fees

UEDD Fund receivables originate from special assessments to domestic utility companies, under the Energy Policy Act of 1992 (the Act) for the cost of environmental cleanup resulting from the Government's operation of three gaseous diffusion plants. The Act established the UEDD Fund to (1) pay for the costs of D&D at the diffusion facilities; (2) pay the annual costs for remedial action at the diffusion facilities to the extent that the amount in the Fund is sufficient; and (3) reimburse uranium/thorium licensees for the costs of decontamination, decommissioning, reclamation, and other remedial actions which are incident to sales to the Government.

Table 4. Public Receivables as of September 30, 1995 (million dollars)

		Current			
	Total	Nondelinquent	Delinquent	Total	Noncurrent
Ordinary Receivables:					
Power Marketing Sales	\$ 144.2	\$ 124.3	\$ 5.7	\$ 130.0	\$ 14.2
Decontamination & Decomm.	1,900.2	141.2	0.0	141.2	1,759.0
Nuclear Waste Disposal Fees	2,163.6	143.6	0.0	143.6	2,020.0
All Other	<u>357.0</u>	<u>140.0</u>	<u>29.4</u>	<u>169.4</u>	<u>187.6</u>
Total	\$4,565.0	\$ 549.1	\$ 35.1	\$ 584.2	\$3,980.8
Petroleum Pricing Violations					
	\$ 2,535.6	\$ 40.1	\$ 2,316.6	\$ 2,356.7	\$ 178.9

Nuclear Waste Disposal Fees

Nuclear Waste Fund receivables originate from spent nuclear fuel or high-level radioactive waste disposal fees due from public utility companies, pursuant to the provisions of the Nuclear Waste Policy Act of 1982, as amended.

All Other Receivables

All other receivables include those resulting from custom research, testing, and fabrication sales; FERC fees; laboratory user fees; petroleum sales; isotope sales; vendor and grantee debts; and outstanding amounts resulting from pre-FY 1987 loan and loan guarantee programs for geothermal resource development, energy research, and consumer weatherization.

As of September 30, 1995, the Department had \$4.6 billion in outstanding ordinary debt due from the public. Of this amount, \$.6 billion (13 percent) was current and \$4.0 billion (87 percent) was noncurrent (not due within 12 months of the end of the reporting period). Less than six percent of the Department's current ordinary receivables are delinquent. The Department has an additional \$2.5 billion debt due at the end of the reporting period resulting from petroleum pricing violations covered by the Emergency Petroleum Allocations Act of 1973.

Plans

The CFO will continue to emphasize greater use of collection agencies; salary, administrative, and tax refund offset; and more rapid referral of delinquent accounts to the Departments of Justice and Treasury.

Inventory Management

Status

The Department currently holds approximately \$43 billion in nuclear materials, petroleum reserves, and consumable materials. The physical management of these inventories and materials is controlled by the cognizant departmental organizations. Petroleum inventories and stockpiles are controlled by the Naval Petroleum and Oil Shale Reserves, and the Strategic Petroleum Reserve Offices. Nuclear Materials and Operating Materials and Supplies are controlled by the owning departmental program offices.

The CFO issued guidance implementing standards promulgated by the Office of Management and Budget on accounting for inventory and related property.

Accounting codes are in place to ensure an ability to comply with these standards, and the screening of inventory and materials is an on-going process to ensure categorization and

valuation in accordance with the standard. Along with changes due to the new standards, additional changes have been implemented about by changing Departmental mission requirements.

During FY 1996, the values of a number of materials will be adjusted to reflect the changed needs and missions of the Department.

Plans

The CFO continues to evaluate and initiate appropriate actions to ensure proper accounting control over inventories and materials. As dictated by the new standards and changing Departmental mission requirements, inventories and materials will be screened for potential reductions due to reduced demand, shifts from current use categories to other categories, such as excess, and resulting changes in valuation.

Real Property Management

Status

The Facility Information Management System (FIMS) is the DOE corporate physical assets data base for real property. Real property includes lands and all things of a permanent nature affixed, whether by nature or human hand.

FIMS provides up-to-date access of real property information through ad hoc queries and standard reports. This system produces a departmental annual statistical handbook, fiscal year real estate summary of real property

holdings, and automates the preparation of General Services Administration annual reports for the World-Wide Inventory of Government-Owned and Leased Real Property.

FIMS is a DOE-wide system that is managed by the Associate Deputy Secretary for Field Management. During FY 1995 FIMS became operational in a production environment and replaced the Real Property Inventory System, which had been used to manage real property since 1983.

FIMS is jointly sponsored by the program offices. Program offices provide the members for the Facilities Development and Design Committee (FDDC), and they jointly make decisions about changes to the FIMS database. A FIMS video that is to be used to market the system was released in June 1996. Also, a FIMS Focus Newsletter is issued periodically to keep everyone abreast of most current

developments on the FIMS system.

Plans

Data in the system will be maintained on a current basis. A quality assurance program will be used to assure the accuracy of the Department's facilities information.

Audited Financial Reporting

Department-Wide Financial Statements

DOE has made substantial progress in meeting its responsibilities to submit FY 1996 agency-wide audited financial statements as required by the Government Management Reform Act (GMRA). The CFO testified before the House Oversight and Investigations Subcommittee on March 27, 1996, concerning the Department's progress in this area.

In anticipation of the GMRA requirement to prepare audited financial statements covering FY 1996 and beyond, a pilot project was initiated in cooperation with the Inspector General (IG) which involved the preparation and audit of a Consolidated Statement of Financial Position for FY 1995. The CFO worked closely with the IG and, in advance of the audit, informed the IG of problems anticipated in the areas of environmental liabilities, pension assets and liabilities, and the proper valuation of surplus plant and equipment. Since this was the Department's first attempt to prepare an audited statement, it was expected other issues would also be identified during the pilot which then could be addressed and corrected prior to preparing the required FY 1996 financial statements.

As a result of this cooperative pilot, the IG

identified six deficiencies causing the IG to decline to express an opinion on the Department's FY 1995 Consolidated Statement of Financial Position. The IG found the Department's accounting system does produce accurate, auditable data and the financial data from that system is presented fairly. Shortcomings were identified in amounts of unfunded liabilities for environmental clean-up and for environment, safety, and health corrective actions; in the statement of assets and liabilities of our contractors' pension plans; and in the valuation of plant and capital equipment including amounts recorded at Rocky Flats Field Office and Idaho Operations Office. The IG also noted there was insufficient time to audit records supporting the valuation of facilities constructed or purchased primarily for treating, storing, and disposing of waste generated from past DOE operations and they were unable to obtain adequate assurance that the balances attributable to the Bonneville Power Administration (BPA), and included in the Department's Consolidated Statement of Financial Position, were accurate and complete. The pilot was extremely successful, however, in that the IG was able to indicate specific areas for improvement, and each of these areas were addressed and corrected before the required FY 1996 audit.

Financial Statements of Departmental Entities

In accordance with the CFO Act of 1990, the Department prepares audited financial statements for the following ten selected entities:

- Alaska Power Administration
- Federal Columbia River Power System (Bonneville Power Administration)
- Southeastern Federal Power Program
- Southwestern Federal Power System
- Western Area Power Administration
- Isotope Production and Distribution Program
- Naval Petroleum and Oil Shale Reserves
- Nuclear Waste Fund
- Uranium Enrichment Decontamination and Decommissioning Fund
- Federal Energy Regulatory Commission

All of the 10 entities received unqualified audit opinions for FY 1995. In addition, 13 of the 14 material weaknesses identified in prior audits were corrected during FY 1995, and all corrective actions were completed for the remaining material weakness during FY 1996.

In accordance with the Government Management Reform Act of 1994, efforts are well underway to prepare audited Department-wide consolidated financial statements for FY 1996. The Department's FY 1995 pilot project to prepare a consolidated balance sheet identified a number of significant accounting and auditing issues requiring resolution before a favorable audit opinion could be rendered on the Department's consolidated financial statements. Completion of actions needed to address all of the identified issues is expected in FY 1996.

Performance Based Oversight

Under the leadership of the Under Secretary, the Department has implemented performance based oversight to improve our processes for overseeing contractor business management activities. This approach moves away from traditional compliance type methodologies for meeting oversight objectives and instead emphasizes performance measurement, self-assessments, validation of outcomes, and financial analysis. A similar pilot process has been initiated for HQ oversight of field Federal activities. To meet our oversight objectives, each field office is required to maintain a set of business management performance measures as mandated by the CFO Act, the Government Performance and Results Act (GPRA), and the OMB Circular A-11, Preparation and Submission of Budget Estimates.

- **CFO Act** requires agency CFO's to oversee all financial operations of the agency and provide annual audited financial reports that will include efficiency and effectiveness measures.
- **Government Performance and Results Act** requires Federal agencies to develop strategic plans linked to measurable outcomes, and annual performance plans that specify measurable goals and annual reports showing the progress being made on the measures.
- **OMB Circular A-11** describes the implementation of the GPRA and directs agencies to work with OMB to identify goals and measures that will be useful in

making and justifying decisions for key programs.

Status

To support these initiatives, the CFO has issued its Performance Goals, Objectives and Measures document. Building on the tenets of the CFO Strategic Plan, this document further defines the specific goals and objectives of the CFO organization and provides broad indicators of success in achieving those desired outcomes. The document also defines a comprehensive oversight strategy to be implemented for financial activities within the Department, and will provide a basis for developing site specific performance measures at DOE sites, support audited financial statements and performance based budgeting, and assist in gauging performance in meeting CFO Strategic Plan objectives. Currently, contractor performance measures have been established for most field sites. In line with the performance based oversight pilot, the CFO has signed jointly developed performance agreements with the three major field offices

participating in the pilot. These agreements will be the basis for gauging field performance, performing self-assessments, and conducting business management reviews.

Plans

In FY 1997, field offices participating in the pilot process will perform their first performance based self-assessments of federal activities utilizing the performance measures established in their agreements with the CFO. Upon completion of the self-assessments, an on-site business management review will be performed by the CFO to validate the performance results, ensure that internal controls are working as intended, assess adherence to established laws, and evaluate the overall efficiency and effectiveness of the performance based approach to oversight. Contractors will continue to perform annual self-assessments of their business functions and field offices will provide for annual on-site business management reviews.

Management Controls and Accountability

Management controls are mechanisms designed to ensure that an organization accomplishes its mission efficiently and effectively; complies with applicable laws, regulations, and policies; and safeguards funds, property, and other resources against waste, loss, unauthorized use, or misappropriation. In addition, management controls assist the Department in developing accurate and reliable financial and statistical reports by helping to ensure that it accurately accounts for revenues and expenditures, maintains accountability over assets and liabilities, and holds managers accountable for their performance.

The Department has implemented a comprehensive management control program in accordance with the Federal Manager's Financial Integrity Act (FMFIA) (Public Law 97-255). This program continues to be based on the concept of DOE managers evaluating their own programs, systems, and administrative functions and candidly reporting problems to the Secretary. The key objectives of the management control program are to involve senior management in the programs direction, to evaluate controls by performing annual management evaluations, and to track corrective actions through completion.

DOE's purpose in conducting management control evaluations is to ensure that management controls are operating effectively, that program and administrative functions are performed in an economical and efficient manner consistent with applicable laws and regulations, and that assets are safeguarded against waste, loss, unauthorized use, or misappropriation. In performing these evaluations, managers consider the results of internal reviews and evaluations, day-to-day knowledge of their operations, and other reviews conducted during the year, as well as any IG or GAO audits conducted. DOE managers reported their FY 1995 evaluation results to the secretary. These results included disclosures of weaknesses, planned corrective actions, and attestations as to the adequacy of the management control systems

In addition, the Department conducts annual financial management system evaluations to ensure that its system meets GAO principles and standards and the requirements of OMB Circular No. A-127, "Financial Management Systems." Headquarters and field organizations perform the evaluations on all components of the Department's financial management system.

The Department, under the direction of the Under Secretary, is implementing a performance based approach to oversight of its business management function. This approach involves establishing performance goals, objectives, measures and targets to be used as a basis for monitoring performance and conducting self-assessments. Thus performance is assessed based upon the results or "outcomes" of the specific performance activities. To place reliance on the results of measures, it is critical that a Department-wide system of management controls be established to ensure the performance results are reliable and that adherence to laws and regulations has been maintained. Consequently, significant

emphasis will be placed on the validation of controls through the performance of annual business management system reviews of field elements and contractor operated sites.

Status

In FY 1995 the Department continued to strengthen its management control program and maintained the level of candid reporting by management as envisioned under the process. Currently the Department is working aggressively to resolve 11 reportable problems presented in the FY 1995 Secretary's Report to the President. During 1995, one new issue related to materials inventory management was identified as a result of the Department's extensive inventories of nuclear and non-nuclear materials that are no longer needed. One previously reported item, information resources management, was closed.

To complement the management control program, the Department implemented a performance based oversight program at contractor activities which will aid in evaluating performance, validating the effectiveness of management controls, and assessing adherence to laws and other regulations. A pilot program is currently under way to institute the performance based approach at both HQ and field Federal activities.

In an effort to cut costs and minimize a burdensome review process, the CFO has discontinued cyclical detailed financial management system reviews and has streamlined the annual limited systems evaluation process to allow the use of existing information, day-to-day knowledge and other reviews and evaluations as needed to provide an annual assurance statement. Under this approach, the CFO determines whether more detailed evaluations of the financial management system should be performed,

after considering recommendations from systems managers, financial managers, and recommendations based on the IG's annual audits of agency financial statements,

Plans

The Department is committed to maintaining a world class management control program to ensure our ability to meet our unique stewardship responsibilities. The CFO will continue to move towards full implementation of performance based oversight while stressing the importance of validating internal controls and assessing compliance activities. Additionally, the CFO plans to expand its financial analysis capabilities to provide for early warning of potential problems and

support informed decision making by management. In FY 1997, the Department also plans to explore approaches to consolidating the control and accountability activities of the management control program, performance based oversight, and audited financial statements. This initiative will prepare DOE to implement consolidated accountability reporting as envisioned by OMB.

In FY 1997, the CFO will rely on internal annual financial systems evaluations conducted by Headquarters and field systems and financial managers to ensure the DISCAS meets the requirements of the GAO and OMB and to satisfy the Section IV requirements of the FMFIA.

Audit Resolution

The Department receives an average of 175 IG and 85 GAO reports each year, approximately 60 percent of which deal with financial management issues or contain recommendations to achieve savings in program costs. The CFO is responsible for liaison with both of these audit organizations, for resolving audit issues and preparing official Departmental responses to audits, and for tracking corrective actions through completion of corrective actions.

To this end, the Department maintains an executive audit resolution and follow-up program to deal with adverse financial management and non-financial audit findings arising from IG and GAO audits, as well as those associated with the annual audits of financial statements. It is the Secretary's policy that DOE's audit resolution program must play a key role in achieving management excellence.

The CFO also chairs the Departmental Internal Control and Audit Resolution Council (DICARC), which is responsible for oversight of both audit resolution and the Department's self-assessment and reporting program under the FMFIA. The Council is composed of the Assistant Secretary for Human Resources and Administration, the IG, a Headquarters program official, an Operations Office manager, and a technical advisor; and it has the authority to challenge any office not aggressively pursuing completion of audit related corrective actions.

Status

During FY 1996, the Department prepared and published the 13th and 14th semiannual Reports to Congress on IG Audit Reports. Also during this period, 102 IG and 72 GAO reports were processed. The Department closed 72 IG and 17 GAO audit reports during

this period and are continuing to implement appropriate corrective actions to effect closure of remaining reports.

Additionally, in FY 1994 the CFO and the IG chartered a process improvement team to explore options for enhancing and streamlining the audit resolution and follow-up processes. The team completed its work in 1995 and to date has implemented 13 of 17 recommendations resulting from the effort. These changes have resulted in a process that is less time consuming and resource intensive, while maintaining its focus on providing assurance that corrective actions are implemented. Additionally, the CFO has incorporated the resolution of audit findings into the Department's financial management performance measures to emphasize the importance of resolving audit findings in a timely manner.

Plans

The Department will continue to work cooperatively with the IG and GAO to implement the most effective and efficient processes and to ensure the timely identification and disposition of audit issues. The CFO will also aggressively pursue implementation of all remaining recommendations provided by the process improvement team to streamline and improve the audit resolution and follow-up processes. Additionally, DOE will remain committed to ensuring that the DICAR Council will be represented by the highest level of management in the Department to garner Department-wide awareness and support for these processes.

Prompt Pay

Status

The Department's FY 1995 on-time payment performance percentage rate was 92 percent. The Department has implemented its Quality Control Program at each payment center, and the Department's IG has validated the program as required by OMB Circular A-125, "Prompt Payment."

During FY 1996, the Office of the CFO served on a Prompt Payment Working Group that was tasked with rewriting OMB Circular A-125, to streamline the Prompt Payment

Standards and to eliminate superfluous reporting requirements.

Plans

Prompt Payment data will be collected and monitored quarterly to detect problems early. It is expected that on-time performance improvements will be accomplished through expanded use of Vendor Express, electronic data interchange, and host-to-host payment transmission.

Accounting Consolidation

Status

During 1995, the DOE Accounting Consolidation Steering Committee (ACSC), comprised of representatives from the three designated accounting service centers and three members selected to represent the satellite sites, led a concerted effort to consolidate the existing nineteen accounting offices into three service centers. The Albuquerque Financial Service Center, Oak Ridge Financial Service Center, and Capital Accounting Center were selected as the three service centers. The consolidation of accounting activities will result in savings of \$17.7 million and 61.5 FTEs over the next five years. These savings will be realized from (1) operational efficiencies, (2) technological and process improvements, and (3) the physical consolidation of activities.

The purpose of the ACSC is to ensure successful achievement of the Department's goal of consolidating selected accounting functions and travel and payment activities into centralized financial centers of excellence by managing the implementation process in accordance with the Strategic Alignment Plan.

The ACSC appointed four working groups, comprised of representatives from the service centers and various satellite offices, to specifically address issues for consolidating travel and vendor payments, other accounting functions and DISCAS operations, and hardware/systems enhancements and implementation. The ACSC ensures that the activities of the working groups are integrated and executed cohesively. The committee is also responsible for resolving policy and operational issues arising in connection with the consolidation initiative, and performs a

vital role in communicating issues and progress to the DOE financial community.

The Travel Working Group developed a concept paper for implementing an automated, paperless travel process throughout DOE utilizing the GELCO Travel Manager software application and an electronic signature capability. The implementation of travel consolidation will be accomplished in phases: In Phase One, Travel Manager is used by DOE for all temporary duty, foreign, and local authorizations and vouchers. The Travel Manager software is available at each field site on the Local Area Network (LAN) or in a stand-alone mode; in Phase Two, Travel Manager is used by the Department and is available to each user via a LAN. Each field site has fully implemented Travel Manager DISCAS interface for authorizations, advances, and vouchers; in Phase Three Travel Manager will be operational in a paperless mode at all field sites using the electronic signature capability developed by the U. S. Air Force (March 97); in Phase Four, Travel Manager operations will have been consolidated at the Service Centers concurrent with the consolidation of other payments (September 97); In Phase Five, Travel Manager will be operational using the NIST digital electronic signature capability across DOE (December 97); and in Phase six, Travel operations will be performed from three Travel Manager databases (TBD). Most offices have fully implemented Phase One.

The PWG developed process flows for various types of payments to include contracts, purchase orders, training, government purchase card, OPAC transactions, government bills of lading, etc. One of the major criteria and biggest challenges in

designing process flows and procedures for payments consolidation was to eliminate any need for mailing documentation between offices. The group met this challenge by reengineering current procedures and processes, implementing improved policy changes, and introducing technological enhancements to current systems including DISCAS. The group also drafted a template memorandum of understanding which will be used to identify roles and responsibilities between the service centers and satellites offices.

Another accomplishment of the PWG was to develop a transition schedule of the planned dates as to when the satellites' payments would be consolidated at their respective service centers. The Golden Field Office was transitioned to the Albuquerque Financial Service Center in April 1996. The Oak Ridge Financial Service Center began processing payments for the Ohio Field Office in July 1996. On August 1, 1996, the Capital Accounting Center commenced servicing the payment activity for the Naval Petroleum Reserves in Casper, Wyoming.

The Accounting Operations Working Group (AOWG) is responsible for conducting an analysis of the various options for consolidating accounting activities such as funds control, accounts receivable, debt management, general accounting, analysis and reconciliation, year-end reporting, Treasury reporting, etc. The group's major milestone was to develop a matrix which identified whether functions are to be performed at the satellite offices or at the service centers. This group has a major role in analyzing internal control and data integrity issues which may be effected by consolidating accounting activities.

The Hardware/Systems Working Group (HSWG) is tasked with developing and coordinating a systems' configuration and

implementation plan for achieving the vision of performing accounting and payment activities at three service centers. Additionally, this group is responsible for coordinating, developing, programming, and implementing the technological system enhancements that the other three working groups determine to be essential to efficiently and effectively consolidate the accounting functions.

The first item on the HSWG's agenda was to survey all accounting offices to inventory and assess the various types of hardware, software, DISCAS programs and other systems' capabilities that were being utilized throughout DOE. From this data, this team of technical experts developed a detailed configuration plan of the future accounting system describing hardware, software, communications, and interface options for both service centers and satellite offices. The majority of hardware and software procurements have been initiated and/or completed.

This group was also responsible for creating and implementing a rigorous site-specific schedule for migrating the satellite financial databases onto the respective service center hardware. By August 1996, all major satellite offices were migrated.

Plans

By September 1997, all travel and vendor payment activity is scheduled to be consolidated at the three accounting service centers. A major initiative for travel is to procure, test, and implement the U. S. Air Force electronic signature capability. Testing is scheduled prior to the start of fiscal year 1997. All travel is scheduled to be consolidated before the third quarter of fiscal year 1997. Efforts will also be underway to implement the ultimate electronic signature capability developed by the National Institute

of Standards and Technology (NIST).

Consolidation of vendor payment activity will follow the transition schedule prepared by the PWG. Satellite offices will be transitioned to respective service centers under a phased approach. The next offices to be consolidated are: Golden Regional Support offices at Albuquerque; Rocky Flats at Oak Ridge; and Naval Petroleum Reserves, Elk Hills at the Capital Accounting Center.

Major systems enhancements are also anticipated to be implemented for payments processing by March 1997. These enhancements will greatly improved the efficiency and effectiveness of the payment process.

The HSWG's resources will be devoted to programming and implementing DISCAS/HP modifications. The group will also be developing plans for merging service center and satellite DISCAS databases which is projected for completion in fiscal year 1998.

Full Partnership

Full partnership emphasizes the formal and informal relationship between Departmental financial management functions and program activities. Based on a team concept and defined by a culture of cooperation and support, full partnership supports improved communications and relationships between the CFO, Departmental program offices, and field offices. In conjunction with the financial stewardship strategic thrust area, full partnership supports the financial management community's goal of achieving balance between supporting program functions and requirements and maintaining a system of financial management controls that demonstrates financial management system integrity and makes optimal use of taxpayer dollars.

Status

The CFO continues its formal partnership agreement with Chapters 213 and 228 of the (NTEU). The purpose of the partnership is to foster with the Office of CFO a cooperative, constructive working relationship. Both partners work toward establishing an atmosphere of mutual respect and trust and the development of mutually acceptable means to accomplish DOE's mission. The CFO has made a concentrated effort to invite union and employee participation on issues which result in changes in the workplace using the Partnership to facilitate this communication and negotiation process.

The continued role of the Partnership has contributed to the organization's partnering efforts in several ways. The Partnership has concentrated on developing a knowledge base in strategies and methodologies which will support partnering and coordination of stakeholder input. This expertise includes strategic planning, organizational self-assessment, negotiation skills, change management, process improvement and reengineering, meeting facilitation, and surveying. The Partnership then acts as a resource for all offices within the CFO in implementing projects which would benefit from this knowledge base. The Partnership also assumes a lead role in planning and coordinating activities which need to be approached from a "corporate" CFO perspective. This corporate view is important in many CFO activities such as, strategic planning, customer surveying, and organization self-assessment, among others.

To support quality initiatives on a Department-wide basis, the CFO, and the Partnership in particular, has committed itself to supporting DOE's Quality Council through the active participation as one of its members on the Council. Participation in the Council provides a method of partnering and coordinating with Departmental efforts, as well as gaining additional knowledge of, and expertise in, large-scale quality initiatives.

A particularly unique role of the CFO Labor/Management Partnership revolves

around its interaction with the (NTEU) Chapters 228 and 213. The Partnership has participated on two levels in partnering with the Union. On a Departmental level, a senior member of the Partnership served in an active role in forging a new collective bargaining agreement between DOE and NTEU. The Partnership, as a unit, has also taken on a liaison role between NTEU and the CFO in exploring and resolving Department-wide issues which require changes in financial services or policies such as changes in charging travel tickets, and in presenting financial awards to employees. The Partnership begins an initial examination of proposed changes, surfacing concerns and solutions. These concerns and solutions are then presented to the CFO organization involved, labor relations, and the Union. Wherever possible, the Partnership participates as the CFO's agent in a facilitating role to ensure that issues are resolved quickly, but also to the satisfaction of each of the parties.

Internally, the Partnership has facilitated and participated in the CFO reorganization design team chartered by the Deputy CFO to examine the current CFO organization and make recommendations on changes that would bring about efficiencies allowing the CFO to continue essential financial services while facing significant reductions in resources. Because of the significance of anticipated changes in the structure and working conditions in the CFO organization, this effort required close partnership between CFO and the Union. When staffing this team, every

effort was made to ensure participation of varying levels of CFO management from each CFO organization as well as several bargaining unit employees representing the NTEU and employee interests. Union participation in this effort was extremely helpful in collecting input and feedback from employees and during the information roll-out on Team recommendations. In addition to two senior Partnership members serving on the Team, the Partnership was given the responsibility for facilitating and supporting the effort. This support role required the Partnership to develop a process that would ensure the involvement of stakeholders, customers, employees and the Union. The Partnership also assisted in the publication and distribution of the Team's final report.

Plans

As the CFO organization adapts to the requirements for downsizing and streamlining, the need for updating the Financial Management Strategic Plan becomes increasingly necessary. The Partnership will play a lead role in planning and coordinating this effort and associated survey requirements, as well as publishing and deploying the updated plan when it is completed. In addition, the Partnership continues to serve as the focal point for the development and publication of the annual CFO Status Report and Five-Year Plan and annual self-assessments.

Streamlining the Budget Process

The Department has streamlined its internal budget process by adopting a new quality planning-based budget process which is an integral part of the Department's new Strategic Management System. The new Strategic Management System integrates planning, budget formulation, evaluation and budget execution, and defines how the Department expects to manage by results as required by the (GPRA), Government Management Reform Act, other laws, and Executive Orders. The shift in this process has resulted in a budget that is mission-driven and performance-based, more informative, and one that is produced in less time at less cost.

Status

During 1996, efforts continued to streamline the budget process and to improve the quality of the Department's budget justifications to Congress. The Department succeeded in reducing the FY 1997 Congressional Budget Submission's paper volume by approximately 28 percent from the previous year's budget request. The CFO also continued to work on

a data warehouse that will serve all components of the Department. A successful pilot was conducted during the year with input from two field locations to test the data base. Other initiatives included development of budget home page for the Internet that provides a much more efficient method of quickly distributing budget tables, budget calls, and committee reports than had previously been possible.

Plans

Streamlining the budget process will continue to be an ongoing initiative for the CFO. Efforts to comply with the GPRA and other mandated requirements, that link the budget to program evaluations and performance reporting, will take several years to perfect and fully implement. Continued development of a data warehouse system and partnering with our customers will both streamline the process and produce a net resource savings in the long-term in the way the Department prepares its budget.

CUSTOMER ORIENTATION

The Office of CFO embraces the concept of total quality management and recognizes the importance of delivering the highest level of quality service to all customers, both internal and external. Customer orientation focuses on developing a financial management culture based on an orientation toward our

customers' needs, requirements, and expectations for financial management products and services. Customer satisfaction is the cornerstone in the CFO managerial philosophy and is a principal consideration in measuring how well functions are performed.

Customer Satisfaction Surveys

As part of the quality effort, the Department has a customer-focused culture where commitment to quality customer service is a way of life. The quality customer service mission of the CFO is to provide timely, accurate, valuable financial information and services in a courteous and friendly manner with expert guidance.

Accompanying this commitment is a responsibility to constantly monitor how well service is provided. The customer's evaluation is the way by which success or failure is measured. The customer's needs and

expectations must be met or exceeded; and because these needs and expectations change over time, it is crucial that organizations obtain feedback from their customers on a consistent, regular basis. By simply assuming customer needs, wants, and expectations, there is great risk in missing the continuously moving target of customer expectation. The CFO routinely surveys its customers through formal survey questionnaires and personal interviews to assess customer satisfaction and to gather input for many initiatives that will ultimately impact these customers.

Customer Input to CFO Reorganization

The CFO organization again turned to its customers and stakeholders for advice and information during the development of recommendations on how best to organize the office to continue to meet customers requirements at less cost and with less staff. The RDT used two separate approaches to

canvassing customers for their input. First, the RDT recruited assistance from the Office's Customer Focus Advocates to review customer surveys conducted during the past two years to identify customer suggestions on ways to organize or improve the CFO organization. In addition, RDT members

conducted a number of personal interviews with customer representatives to inform them of the CFO plans to review its organization structure and solicit their input on functional priorities and organizational options. All of

the data collected was analyzed and fully considered heavily by the RDT when developing its conclusions and recommendations.

Travel Operations

Status

During FY 1996, the CFO implemented several significant improvements to the Department's travel operations to enhance customer service and streamline the accounting systems and procedures. One of the most significant improvements was the centralization of Field permanent change of station (PCS) functions at HQ. The consolidation of PCS functions included coordinating move arrangements with the employee and the field organization; preparing documentation to authorize PCS entitlements; and auditing and paying travel vouchers. The centralization reduced the number of people involved in PCS functions from 22 Department-wide to 6 within the CFO's office.

Accomplishments in 1996 to enhance customer service in the Department's travel operations included the following:

- Expanded Travel Manager usage to 100 percent at HQ.
- Centralized Field PCS functions at HQ.

- Implemented travel direct deposit notification via e-mail in lieu of U.S. mail (HQ only).
- Eliminated the imprest fund cashier activities.
- Developed and implemented a streamlined method for processing HQ and Field PCS vouchers for payment which established more reliable controls for reporting purposes.

Plans

The CFO is continuing to implement changes to provide better service to travel customers. Planned changes include implementing the automated interface from Travel Manager to DISCAS as well as implementing electronic signatures within Travel Manager to support a paperless environment for travel processing; consolidating 19 accounting offices to no more than three DOE finance service centers during calendar year 1997; and developing instructional handbooks and training seminars on travel issues such as PCS, foreign, and invitational.

Total Quality Management

Status

The CFO continues to emphasize total quality management (TQM). Implementation of quality initiatives and the use of quality methodology requires continued training of both managers and staff in areas of process improvement, statistical process control, change management, and behavior assessment and modification.

Employee and stakeholder involvement are a major tenet of TQM. One mechanism used by the CFO to increase involvement from these groups in process improvement efforts was the adaptation of General Electric Corporation's "Workout" process using Savannah River Westinghouse's "Town Hall" process. A group of sixty CFO employees and program customers gathered for an intensive three day effort to look at five areas/processes of the CFO organization—Budget Formulation; Employee Exit Clearance; Time and Attendance; Administrative; and Access to Financial Information. From this three day streamlining effort, the CFO adopted eleven improvement recommendations. Subgroups were then formed to further research and implement each of the recommendations.

The CFO organization continues to emphasize the importance of senior and middle management, in developing and maintaining an atmosphere open to stakeholder and employee

participation, customer focus, and continuous improvement. Senior executive management, including those office directors who had not previously accompanied their own offices, attended the December 1996 offering of the Department's "Leadership for a Customer Driven Organization" program. Improvement efforts identified for implementation this year included employee empowerment and customer surveying initiatives.

Plans

As funding and workload permit, the CFO will continue its manager training in "Leadership for a Customer Driven Organization." The decline in funding and staffing resources is making partnering between CFO and its customers more and more critical. We will continue to perform financial activities required by statute, regulation, and accepted financial practices; however, if we are to continue to adequately serve our customers with the products and services they need to effectively and efficiently manage their activities, we must maintain open the lines of communication that will allow us to prioritize their needs. Reduced capability resulting from fewer experienced staff may require a reduction in products and services customers have come to expect. Only by communicating and partnering with these customers can we be assured that we have not placed a lower priority activity ahead of a high priority one.

Quality Self-Assessment

Status

Results of the FY 1995 Self-Assessment Process resulted in the identification of several key areas for improvement. Over the past year, the CFO has concentrated on improvements in the Customer Satisfaction element with the publication of the CFO Customer Focus Plan as part of the CFO Functional Directory. This directory is an organizational and functional layout of the CFO organization and includes names and telephone numbers of all CFO staff. The March 1996 Customer Focus Plan included the development and publication of Customer Service Standards. Deployment of these standards through the previously well accepted and used Functional Directory, was selected to enhance use and availability of the standards to both customers and employees.

Another area identified by the Self-Assessment for improvement included increasing efforts within the Office of the CFO to identify and measure performance of the CFO key

processes. Improvement efforts in this area have been documented in more depth in the Financial Stewardship section of this plan.

In addition to the formal Self-Assessment process used to measure efforts with the Presidential Award Criteria, the CFO also conducted an employee survey looking for CFO accomplishment against the Department's Quality Transformation Plan. This survey measured employee perceptions of changes in the CFO culture in three areas—Leadership Support of Improvement Efforts, the Use of Teams, and Customer Focus.

Plans

The CFO plans to conduct and complete a second self-assessment in the Spring of 1997. Results of the second self-assessment process will be compared to the baseline results gathered in March, 1995 to determine the level of success in organizational achievements.

Human Resources Management

The CFO has developed and executed a series of initiatives directed toward recruitment, selection, and development of financial management personnel. These include the development and implementation of standard personnel documents (positions

descriptions, performance standards, qualification standards and ranking factors) for senior financial management positions and a comprehensive training program for the Department's financial management personnel.

Recruitment and Staffing

Status

In general, DOE HQ and field organizations independently develop and execute approaches for recruiting. The CFO provides assistance in recruiting for senior field positions in response to requests from field managers. Senior and midlevel management positions within the Office of CFO have been relatively stable for a number of years; however, with the need to downsize CFO operations, improve the supervisor/employee ratio, and recent retirement incentives, we anticipate a decline in these positions during the coming years. In addition, Congressional action on the Department's FY 1997 appropriation legislation, has resulted in significant additional reductions to both staffing and funding resources available to the CFO. This means that while critical vacancies occurring at the higher graded positions will be filled from within the CFO organization, resulting vacancies at the entry and journeyman level will not be filled creating a serious shortfall in our most valuable resource—people. In

addition to creating serious hardships in accomplishing the basic mission of the CFO, the impending reductions will complicate and hinder CFO efforts to maintain a diverse staff with upward mobility opportunities for women and minorities. While the CFO remains committed to ensuring that equal employment opportunity goals are met and the proper skill mix and staffing levels exist, achieving these goals becomes much more difficult without the ability to recruit new staff from historically black colleges and universities as well as recruiting persons with disabilities, Hispanics, and members of other disadvantaged groups.

The CFO has begun a process of identifying ways to deal with staffing and funding reductions imposed by Congress. A review of all CFO activities has recently been completed to prioritize these functions and eliminate those not absolutely necessary to providing critical financial services and products to our customers. In addition, similar functions that previously crossed CFO organizational lines were grouped to reduce or eliminate “hand-

offs” and streamline workload processes. Reorganization and restaffing proposals have been developed and presented to CFO management and have been adopted. Steps are currently being taken to implement the Team’s recommendations to ensure the proper staffing levels and skill mix to allow the continuation of critical activities.

Plans

Staffing levels in the Office of CFO will be continually reevaluated to ensure that equal employment opportunity goals are achieved

and the proper skill mix and staffing levels exist. Staff training, particularly in-house training, will be increased to provide employees the necessary skills and background to ensure the most productive staff possible. Continued review of current financial management processes is expected to significantly improve efficiency by streamlining current procedures and eliminating redundant and nonvalue-added steps. This, along with the realignment of workloads among existing positions, should allow our work to continue at a high quality level.

Financial Management Development Program

Status

Major efforts within the Financial Management Developmental Program (FMDP) focused the following specific areas:

Class-Introduction to Financial Management at DOE

A CFO group of subject matter experts (led by the FMDP Training Director and the FMDP Coordinator) successfully completed the development, piloting and initial implementation of a new 80-hour course, “Introduction to Financial Management at DOE”. This course, designed for all entry-level, professional financial management employees, is comprised of eight modules which include the Federal organization, DOE missions and organizations, budget formulation, budget execution, basic DOE accounting, financial reports and systems, financial reviews, and current/future CFO issues. The class is designed for a mixture of

Headquarters and field participants from accounting and budget, and is taught by teams of volunteer instructors from across the entire CFO community. The new course was piloted twice in August and November 1994. In 1995, the class was held twice (March and July) in the Washington, DC area. Additionally in 1995, in response to field office requests, one class was offered in Denver, Colorado in August and another class was conducted in Richland, Washington in November. In 1996, the class was offered twice in the Washington, DC area, and was conducted in Albuquerque, New Mexico in September. Priority is given to CFO participants; however, other DOE program offices have participated on a space-available basis.

Volunteer Instructor Teams

In early 1995, volunteer subject matter expert instructors from across the entire CFO community, were recruited to help the original

7 developers/instructors teach the new class, “Introduction to Financial Management at DOE”. In April, the FMDP Training Director and the FMDP coordinator conducted a three-day Instructor Training Workshop to familiarize volunteers with the course materials and to form teams comprised of budget and accounting instructors.

During 1996, the volunteer instructor teams continued to teach this class. The teams are a mixture of HQ and field CFO subject matter experts. At present, 17 volunteer instructors from various Departmental CFO offices are participating in this effort.

Certificates

The CFO presents formal certificates of achievement to employees who complete all the requirements of a designated curriculum. Satisfaction of these requirements represent accreditation for DOE's financial management professionals. As of August 30, 1996, 358 certificates of achievement have been awarded.

Interagency Projects

The FMDP Training Director and the FMDP Coordinator continue to participate in current interagency projects to improve the quality of federal financial management. These efforts take place under the direction of the Human Resources Committee of the President's CFO Council and the Joint Financial Management Improvement Program (JFMIP). The projects include the newly established annual Interagency Financial Management Training Symposium, and continuing efforts in support of core competencies for financial management

personnel.

Feedback

It is essential that the CFO receive accurate and timely program feedback from employees and financial managers. The FMDP uses both formal and informal evaluation processes to gather feedback. In 1996, the focus has been on conducting the new class, “Introduction to Financial Management at DOE”. The formal course evaluations, the informal participant feedback, and the comments from supervisors and managers have all been overwhelmingly positive. The FMDP continues to receive strong support from OMB, JFMIP, and the GAO. FMDP program materials are shared with all interested federal agencies.

The CFO continues to require an annual report from each financial manager on the status of the FMDP at the local office, along with concerns or suggestions. A primary concern for 1996 is the need to offer the 80-hour course at various field locations, at a time when workloads are increasing while staffing and funding resources are declining.

Plans

The CFO will continue to provide offerings of the course, “Introduction to Financial Management at DOE”, and will also continue to award certificates of achievement to those employees who satisfactorily complete the requirements. The CFO will also maintain support of interagency projects to improve the quality of federal financial management and to meet with other agencies and interested groups on the FMDP.

Mentoring

Status

In August 1995, the CFO instituted a pilot mentoring program at selected CFO organizations to assist employees in the establishment of career goals and the development of a career path to achieve these career goals through the use of an individual plan. This program provides coaching and counseling support to the employee to assist them in realizing these career goals. Employees enrolling in the program were provided a number of on-the-job experiences and other opportunities to enhance their basic skills. Employees wishing to change career

series within the CFO or to an external CFO organization receive support and advice through the mentoring program to assist in this transition. Over 40 employees are currently participating in this program.

Plans

The pilot program is concluded in September 1996. A decision has been made to implement a CFO-wide program to make this opportunity available to all CFO staff. The CFO-wide program will incorporate into its design, the feedback from the employees participating in the pilot program.

Diversity

The CFO shares the belief that where diversity exists, there is an eagerness to learn and a willingness to accept and value the differences of others. Accordingly, a CFO goal has been established to become a model employer of talented, committed individuals that reflect the Nation's diversity.

Status

A Diversity Planning Team (DPT) was established by the CFO to examine the CFO organization and evaluate the diversity of its workforce. The DPT was chartered to develop the basic framework of a program that will ensure the CFO is doing everything possible to achieve a truly diverse workforce. The DPT was asked to develop an action plan

for the implementation of the diversity program. The draft plan developed provides for the establishment of a Diversity Council, partnered by the CFO and the NTEU. The Council will be comprised of a diverse representation from the various CFO organizations. The Council's will be responsible for monitoring the implementation of diversity policies and programs, evaluate task force effectiveness, facilitate communications throughout CFO on diversity issues, and arrange mediation for alternate dispute resolution.

The draft plan establishes seven critical core elements necessary to accomplish diversity goals within the CFO. The seven elements are:

- **Management** - Diversity is a leadership issue. To ensure accountability, each appraising officer will have a diversity critical element added to his/her performance plan. The element will set forth the criteria by which the manager will be evaluated including, but not limited to, the proactive recruitment, training and career development of qualified employees and diversification of CFO.
- **Inclusion** - Diversity at all levels is a high priority of the CFO. Diversity means the inclusion of all employees, regardless of race, gender, color, religious belief, age, disability, or sexual orientation. All employees are valued for their contributions to the organization.
- **Opportunity** - Through recruitment and promotion at all levels, the CFO will create and broaden opportunities for an increasingly diverse workforce. The CFO will establish aggressive career development programs to assure that a diverse pool of qualified candidates is available for all job opportunities.
- **Comprehensiveness** - Diversity will be taken into consideration in every aspect of CFO activities.
- **Accountability** - All employees are entitled to fair and timely processing of their complaints. The CFO's administrative grievance procedure will be strengthened through partnering with NTEU and others.
- **Training** - The CFO directs all managers to participate in training on the Diversity Policies and Conflict Resolution techniques.

- **Evaluation and Communication** - Through establishment of the Diversity Council, the CFO will monitor the implementation of diversity policies and programs, evaluate their effectiveness, and facilitate communication on a continuing basis throughout the CFO organization.

Plans

The DPT will continue their work on developing a Diversity Plan for implementation in the CFO. The plan will be submitted to the CFO for approval early in 1997. Implementation efforts will take place immediately after adoption of the plan. Implementation will include the following:

- Conduct a cultural assessment of CFO to determine its current climate, strengths and areas that need improvement. Results of the assessment will be rolled-out to employees and used to develop new diversity training programs and activities for employees and managers.
- Conduct a Train-the-Trainer program on diversity issues.
- Conduct diversity awareness programs for employees and managers using CFO employees as trainers.
- Conduct separate diversity awareness training for senior CFO managers that will focus on the legal aspect of diversity issues as well as other management issues.
- Develop and implement a diversity outreach program to generate more employee awareness on diversity issues.

TECHNOLOGY/INFORMATION ARCHITECTURE

Financial Systems

OMB Circular A-127, “Financial Management Systems” prescribes policies and procedures to be followed by executive agencies in developing, operating, evaluating, and reporting on financial management systems. This circular requires each agency to establish and maintain a single, integrated financial management system, which may be supplemented by subsidiary systems that are based on the principle of single-entry input and electronic transfer of data. The CFO Act also requires each agency CFO to develop and maintain an integrated agency accounting and financial management system.

The conceptual worth of a single integrated financial management system is undeniable. An integrated system that uses standardization procedures, data classifications, and definitions ensures consistency of data gathering, understanding, and use in the management and control of program operations and budget execution. It eliminates redundancies, duplicative costs, reconciliations between systems, and inconsistencies of data identifications, control, and applications.

The Office of the CFO is committed to

improving financial management systems throughout the DOE. Various planning meetings and conferences related to systems improvement efforts continue to be conducted, thereby ensuring customer and stakeholder involvement.

Status

Baseline of Financial and Mixed Systems

The Department's theme in implementing the Single Integrated Financial Management System (SIFMS) has been to emphasize standardization of data element definition and use and to promote systems consolidation, including the integration of accounting and budgeting information. DOE SIFMS is composed of the Departmental Primary Accounting System, the Payroll and Personnel System, the Departmental Budget Formulation System, and the Power Marketing Administrations' program financial management systems. Figure 5 depicts the schematic of SIFMS.

Currently, all component systems of the Department's SIFMS are in general compliance with the principles, standards, and requirements issued by OMB, Treasury, GAO, and the JFMIP.

An inventory of the Department's current financial management system appears in Appendix B in accordance with OMB guidance.

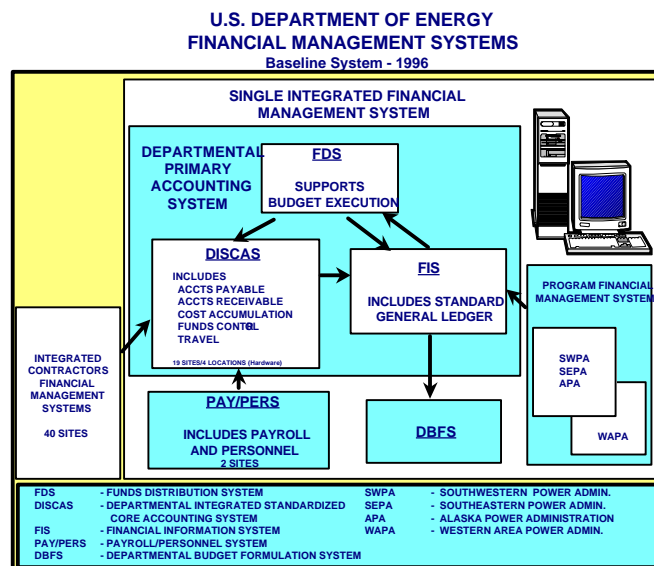
Assessment of Current Financial Management Systems

The Department's financial management system is vulnerable to such turn of the century operational difficulties as incorrect century, arithmetic calculations, dates used as special values, sequence, and data sharing. To address these concerns, the CFO has budget and accounting systems representation on the HQ Year 2000 Team. An initiative to identify all systems that may be impacted by the turn of the century has just begun. Most of the effort will be performed in the CFO's office during

fiscal years 1997 and 1998.

Need for a Management Information System (MIS)

The Department lacks a MIS system which provides easy and timely access to management and support staff of key information needed in support of day-to-day decision making. Without integration, managers and support staff must obtain data from multiple systems and then manually collate the data before they can analyze the operations they oversee. To ensure that managers and support staff have the information they need, and in the desired format, the Department must have an effective MIS system available for the managers and staff that need the information. This MIS system, integrating budget, cost and performance data into one structure, will significantly improve management accessibility to and the quality of information required in support of decisionmaking.



Upon completion of the ongoing Management Analysis Reporting System (MARS) initiative, a MIS Implementation Project will be initiated to address the development and implementation of an MIS system. Project efforts will include distribution of surveys to customers and stakeholders, performance of in-depth interviews with selected individual program offices, and consolidation of all gathered information into a matrix of key informational data elements. This information will be assessed and recommendations will be made on how to satisfy the Department's MIS requirements.

Departmental Primary Accounting System:

A major software modification was issued to the 19 Departmental Integrated Standardized Core Accounting System (DISCAS) sites (18 field offices and the FERC) during FY 1996 to support the MARS development effort and implementation. In addition to the MARS related software, the backlog of miscellaneous DISCAS problems/change reports were significantly reduced and modifications were issued to handle the merger of capital equipment with operating expense funding. Most of the FY 1997 DISCAS activity will be dedicated to modifications to accomplish the accounting consolidation from 19 sites to three.

Management Analysis Reporting System:

The Department continued development efforts to replace the current Financial Information System (FIS) with MARS. Phase II was successfully implemented in January 1996. Phase III activities, which include the development of the core and special reports using the Standard General Ledger (SGL) structure, and a user report interface, are in progress and scheduled for implementation in January 1997.

Departmental Budget Formulation System:

In support of the budget formulation process, the Department developed the Project Data System (PDS) to support the annual preparation and review of project data sheets from project initiation through the Congressional budget submission. The system provides the field offices and headquarters with automated access to the creation, maintenance, processing, printing and transmission of project data sheets. PDS aims to fulfill the integration objective by sharing a common platform with the budget formulation data repository and ultimately by sharing data with existing systems. A pilot version of the PDS, supporting the Waste Management Program, has been implemented at four operations offices and four management and operating contractors.

Standard Power Marketing Administration Financial Management System:

In FY 1996, a multi-disciplinary, cross-functional team was formed to assess the ability of Western Area Power Administration's present financial management system to meet the financial and information needs for a competitive electric utility company. As a result of this assessment, Western has elected to replace its current financial management system to make use of the latest state-of-the-art software, contributing to a more user friendly and businesslike environment. Integration of all of the Power Administrations' financial management systems will occur in conjunction with the replacement of Western's new system planned for September 1999.

Plans**Target Structure for Financial and Mixed Systems**

The Department continues its efforts to standardize and consolidate its financial management system into one modern, well-planned and well-designed SIFMS. This future system will support the Department's business and organizational needs through enhanced information processing and improved timeliness and usefulness of financial management information disseminated Department-wide. Customers and stakeholders will use this information to make decisions pertaining to budgeting, accounting, payroll, programmatic administration, and financial strategic planning. Figure 6 depicts the planned DOE SIFMS, FY 2000.

Departmental Integrated Standardized Core Accounting System:

Enhancements scheduled for DISCAS during the next two years will be primarily to support accounting consolidation, Standardized General Ledger (SGL), transaction-level processing, expanded reporting requirements, and integration of the MARS.

Nineteen existing accounting centers will be consolidated into three financial service centers. These centers have been identified as the Capital Accounting Center in Germantown, Maryland; the Oak Ridge Operations Office; and the Albuquerque Operations Office.

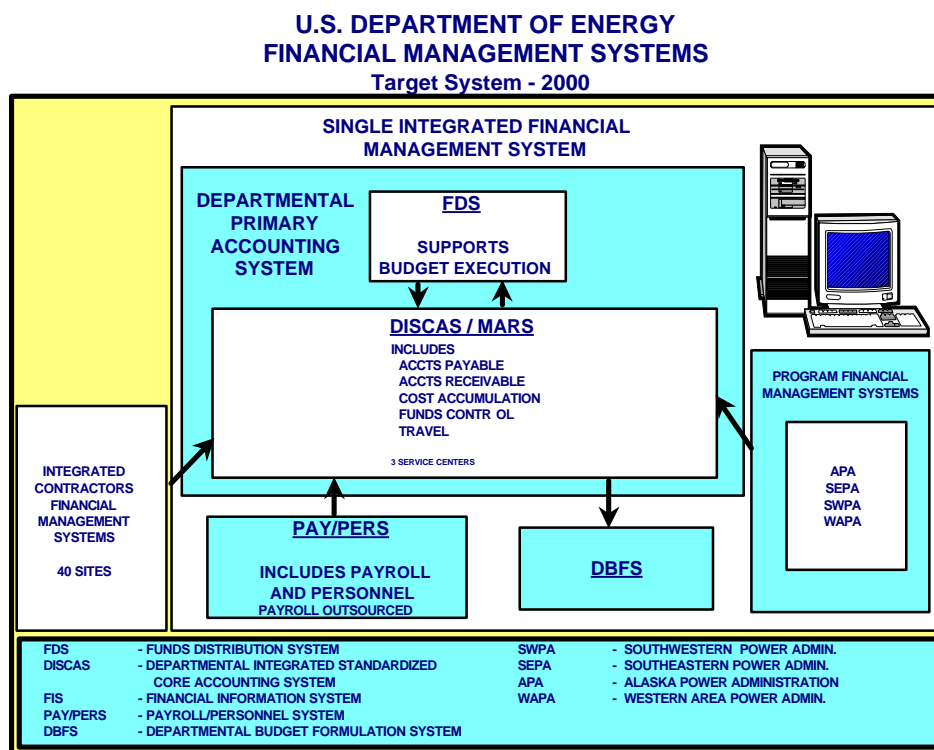
In addition to consolidation of the 19 accounting centers, selected accounting processes involving travel, payments, accounts receivable, and other general accounting functions will be transferred to each of the service centers.

Management Analysis Reporting System:

Continue with the phased development and implementation of MARS. Phase II, which was implemented in January 1996, created a MARS data base and an electronic transfer of reference tables, integrated MARS/DISCAS processing, and upgraded networking capabilities of all Hewlett Packard computers in the field sites. Phase III will implement SGL at the transaction level, automate tie-point analysis/reconciliations, provide Departmental reporting capabilities, and formally retire the FIS. Additional reporting enhancements and automation of remaining manual processes will be completed as Phase IV.

Funds Distribution System: To reduce the paperwork inherent in the current funds distribution system, the Department is developing an automated interface to the Funds Distribution System for receipt of program office funding changes. Electronic (digital) signature technology will be

investigated to determine if a further reduction of the paper-intensive elements of the process are feasible. With the advent of the twenty-first century, a level of effort is required and planned to address the impact of both internally and externally generated problems.



Departmental Budget Formulation System: To improve operational effectiveness, increase system consolidation and to take advantage of current data processing technology, the department is developing a central database application for budget information known as the Integrated Budget Information Management System. The Office of Budget currently has multiple budget formulation and execution systems and intends to integrate them by sharing a common database and

platform. This will allow customers and other users to be better serviced from a central source of information.

Expansion of the pilot Project Data System (PDS) to other field offices, contractors, and headquarters program offices; the integration of project data into the central database application for budget formulation data and interfaces to existing systems both internal and external to the Office of Budget; and the development of additional PDS management

reports will follow and be guided by user evaluation of the system.

Standard Power Marketing Administration Financial Management System: The Western Area Power Administration will continue its efforts to replace their current financial management system. Projects

scheduled include review user and decision information needs, revise systems and functional requirements, and procure the necessary hardware and software. In addition, efforts to integrate the Power Administrations' financial management systems will occur in conjunction with Western's planned completion date of September 1999.

Office Automation

Status

The Office Automation Team has achieved significant accomplishments during FY 1996. These were:

- Developed and implemented a Travel History Database which provide multiple years data in one location for easier reporting. This enhancement provides the ability to produce one report that contains the complete history of a travel authorization spanning several years; such as a permanent change of station.
- Automated the employee exit clearance report. The process formerly required a review by multiple individuals within the Capital Accounting Center (CAC) each verifying a portion of the form. This enhancement provides one automated inquiry that checks all areas in a matter of seconds and, as an internal control, produces a notification for cancellation if the employee possessed a DOE credit card.
- Developed and implemented a number of customized menus for users to enhance and simplify data retrieval and reporting.

Previous to the menus users had to remember multiple report programs to retrieve data from the DISCAS system. These menus provide a list of options specific to their job that the user selects from.

- Provided the ability for DISCAS users to produce standard menu reports using prior year data. This allowed users to produce reports of previous years data utilizing existing programs and report formats.

Plans

Several other initiatives that are underway include:

- The development and implementation of a Travel Manager/DISCAS that will provide an interface for authorizations and voucher reimbursements. This will significantly contribute to the paper less travel processing. In addition to the interface, we are participating in the implementation of digital electronic signatures.
- Electronic mail messaging from DISCAS is being implemented to provide the ability to produce automated notifications for

employee travel and training reimbursements, Invoice reimbursements, outstanding voucher notices, etc. as well as provide data extracts and limited reporting capability.

- Continued participation in the DOE-Wide implementation of the presidential initiative on electronic commerce. This involves streamlining and automating of the simplified acquisition procurement process

Payroll and Personnel Services

Status

A study was initiated in 1994 to identify alternatives to ensure long term automated systems support for human resource information processing including Departmentwide payroll services. The alternatives identified were: (1) develop a new Departmental human resource information system, (2) modify and implement an existing Federal human resource information system, (3) contract with another Federal agency for human resource information processing services (cross-servicing), and (4) enhance the Department's existing human resource information processing system. After evaluating these options and the associated costs and risks, it was determined in 1995 to proceed with the cross-servicing alternative. This alternative provided the greatest benefits to the Department and was also the most cost effective. An Executive Steering Committee was established to oversee this project and five functional area teams were formed to gather detailed information. These teams are (1) the Payroll Team, (2) the Personnel Team, (3) the Manpower Allocation/Tracking Team, (4)

Labor Distribution Team, and (5) the Program/Field Office Team. During 1996, these teams conducted an indepth evaluation of the service providers and, after reaching consensus, recommended a service provider to the Executive Steering Committee. The Executive Steering Committee presented the recommendation to senior Departmental management in September 1996 and received their approval to proceed with the recommendation.

Plans

Next steps include the execution of a Memorandum of Understanding with the Federal agency selected to perform the cross servicing, the development of system interfaces to the service provider, the formulation of a liaison organizational structure, and the development of formal transition plans during the 1997-1998 time frame. Final cross-servicing initiatives to execute conversion, training, and implementation are targeted for 1998.

System Improvements in Integrated Management and Operating Contractor Financial Management Systems

Status

The Department relies heavily on integrated M&O contractors, which maintain separate sets of accounts and records for recording all business transactions in accordance with Departmental accounting practices and procedures. Each integrated contractor has a separate and unique financial management system, and there is limited commonality among the contractors except for their ability to report by the Department's requirements.

In FY 1993, the CFO chartered the Financial Management Systems Improvement Council (FMSIC) to explore ways to improve financial management for the Department's contractors. The FMSIC is now composed of 11 members from integrated management and operating contractors, two operations office representatives, and two permanent members representing the CFO. The FMSIC's vision statement captures the fundamental intent of its activity:

Improve contractor financial management system processes which will result in increased efficiency and effectiveness through: (a) the sharing of successful approaches (best business practices) and benchmarking among contractors, (b) the development of business requirements and common technology for financial management systems, and (c) the identification of systems which lend

themselves to common processes in pursuit of standardization.

Although many activities of the FMSIC are considered longer term initiatives, the first three years have produced significant short-term results, as well as notable progress toward the longer-term objective of Department-wide commonality of financial systems and processes. Accomplishments during the past year include:

- Twenty-three contractors participated in the latest benchmarking effort sponsored by the FMSICC. This effort, coordinated by The Hackett Group, gathered data on several accounting and financial management activities. The Hackett Group compiled and reported the resulting information, and participants—representing the various contractors—met in Cleveland, Ohio, to review the results and to determine the next benchmarking activity.
- The fourth All-Contractors Conference was sponsored by the FMSIC and hosted by Allied Signal. This event was held in San Antonio, Texas. Based upon the responses received at previous All-Contractors Meetings, the conference format featured panel and individual presentations co-mingled with a few financial automated systems demonstrations. Over 115 Departmental contractor and Federal representatives attended the conference.

- The FMSIC supports the operation of an information clearinghouse. This includes maintenance of an Internet Home Page (<http://www.inel.gov.fmsic/contents.htm>). This capability provides contractor and Federal personnel interactive access to information gathered and made available by the FMSIC. As part of its charter to serve as an information brokerage and repository, the FMSIC has also established a database network of over 300 financial management personnel.
- The FMSIC completed its fifth functional and operational requirements specification this fiscal year, and issued a document on funds management and control systems. It will be published and disseminated shortly by the FMSIC's clearinghouse function.
- The FMSIC sponsored the development of a cost collection and reporting model for functional cost reporting this year. Through iterative efforts by the participants, they developed common functional cost activity definitions and cost categories which resulted in consistent data reporting and a shareable reporting format. DOE customers have been involved in review of the output of this effort. There is general consensus that formal implementation of this effort would meet their functional cost reporting objectives and requirements.
- The FMSIC also issued an Indirect Cost Classification and Structure model designed to encourage common and shared definitions, and categorization and collection of indirect costs among the contractors. This model has been

distributed to the DOE financial management community by the Office of the Chief Financial Officer.

Plans

The FMSIC will continue work toward attaining its short-term goals. As these goals are accomplished, the FMSIC; will develop long-term strategies to accomplish its vision statement, which will involve exploring common data structures and systems technologies and sharing new system design and implementation strategies. The FMSIC will continue to meet quarterly to discuss the various tasks and strategies that have been established and will promote industry-wide meetings and communication.

Longer term initiatives in progress to further achieve the FMSIC's objectives include the following:

- Continue pursuing DOE defined issues, initiatives identified by the FMSIC, and issues articulated by the contractor community at large. The FMSIC will continue to aggressively seek out opportunities that require coordination and leadership and will result in greater customer satisfaction, the reduction of non-value added activities and the sharing of best business practices among the contractors.
- Sponsorship of the functional cost reporting model and refinement of the cost collection and reporting processes as needed.
- Provide direction and coordination for additional benchmarking activities that

will assist contractor financial management personnel with identifying contractor "best of the class" and best practices. Continue to encourage the sharing of benchmarks and best practices among the contractors.

- Engage in the identification and facilitate the sharing of financial management process re-engineering opportunities. As these types of efforts proceed across the contractor complex and are driven by the need to economize and right-size, the FMSIC will continue to propagate the sharing of best practices, lessons learned and automated financial management information systems. Currently, several contractors have embarked upon redesigning their financial management processes and systems which, once in place, would provide a blueprint answer for those contractors who are on the same process re-engineering or system development path.
- Promote the sharing of World Wide Web (WWW) technology which is currently being utilized by some of the contractors. Utilization of this technology allows for rapid financial management application development and deployment and cost efficient reporting capabilities. A few contractors have already embraced the WWW as a host for some of the financial management transaction processing applications as well as a reporting medium, thus replacing their reliance upon the traditional mainframe platforms. The portability and rapid deployment

characteristics of the WWW technology makes this a prime candidate for sharing and exchange among the contractors.

- Continue planning and conducting the "All Contractors Meeting" for the upcoming year. Customer feedback will be used to determine the meeting format so as to meet the attendees' most immediate operational needs and requirements.
- Further development of the FMSIC's clearinghouse ability to communicate with its network of financial management personnel will continue, particularly in the

area of electronic mail. The FMSIC's Internet homepage will be expanded by providing users the ability to electronically search, retrieve and download information residing in the clearinghouse repository.

- A reporting process to gather metrics associated with the benefits of the Councils information sharing efforts among contractors will be created and implemented.
- Publication of the FMSIC's Newsletter will continue.

As initiatives and activities are completed, the FMSIC will continue to develop new strategies and approaches using an industry-cooperative forum to leverage experience and expertise, thereby creating synergistic, cost-effective solutions and improvements to the Department's financial operations.

MILESTONES

FOR IMPLEMENTATION

OF THE FIVE YEAR PLAN

Financial Stewardship

ACTIVITY	FISCAL YEAR				
	1996	1997	1998	1999	2000
Implement an EDI-enabled small purchase procurement system Department-wide	X	X	X		
Participate in pilot program on electronic data interchange/on-line payment and collection system with Defense Finance and Accounting Service	X	X	X		
Expand host-to-host payment schedule transfer capability	X	X	X		
Promote electronic funds transfer for payments and collections	X	X	X	X	X
Promote the use of FedSelect checks		X	X	X	
Close out the petroleum pricing violation program	X	X	X		
Increase the use of collection agencies; salary, administrative, and tax refund offset, and more rapid referral of delinquent accounts to the Department of Justice	X	X	X	X	X
Evaluate and ensure proper accounting control over inventories and material	X	X	X	X	X
Collect and monitor prompt payment data	X	X	X	X	X
Develop an interface between DISCAS and E-Mail to send remittance advices to vendors and travelers via internet	X	X			
Continue efforts toward the preparation of Department-wide audited financial statements	X	X	X	X	X
Conduct field office performance based self-assessments and on-site business management reviews		X			
Explore approaches to implementing consolidated accountability reporting		X			
Consolidate all travel and vendor payment activity at three service centers	X	X			
Procure, test, and implement the U.S. Air Force electronic signature capability	X	X			
Complete major system enhancements for payment processing	X	X			
Merge service center and satellite DISCAS databases	X	X	X		

Appendix A

Financial Stewardship (continued)

Implement GPRA requirements	X	X	X	X	X
Implement functional cost reporting and analysis activities	X	X			

Full Partnership

Activity	Fiscal Year				
	1996	1997	1998	1999	2000
Update and disseminate the CFO Financial Management Strategic Plan		X			
Continue the development of budget data warehouse	X	X	X	X	X

Customer Orientation

Activity	Fiscal Year				
	1996	1997	1998	1999	2000
Implement automated interface from travel manager to DISCAS	X	X	X		
Implement electronic signatures within travel manager	X	X			
Consolidate 19 accounting offices to no more than three service centers	X	X			
Develop instructional handbooks and training seminars on travel issues	X	X			
Complete a self-assessment of CFO organization	X		X	X	X

Human Resources

Activity	Fiscal Year				
	1996	1997	1998	1999	2000
Evaluate and improve CFO Mentoring Program and expand its use	X	X	X	X	X
Evaluate staffing to ensure equal employment opportunity and the proper skills mix	X	X	X	X	X
Conclude mentoring pilot program and expand program CFO-wide	X	X	X	X	X
Complete and implement a CFO Diversity Plan	X	X	X	X	X

Technology/Information Architecture

Activity	Fiscal Year				
	1996	1997	1998	1999	2000
Modify the DISCAS to incorporate the MARS as a reporting module	X	X	X		
Redesign the FIS as the MARS	X	X	X		
Consolidate accounting processing centers and functions	X	X	X		
Continue Department's payroll system cross-servicing initiative	X	X	X		
Develop and implement MIS			X	X	X
Develop automated interface to Funds Distribution System	X				
Develop and implement Project Data System	X	X			
Redesign Western Area Power Administration's financial management system, integrating the financial management systems of Southwestern, Southeastern, and Alaska Power Administrations	X	X	X	X	

INVENTORY OF FINANCIAL MANAGEMENT SYSTEMS

This appendix provides DOE's FY 1996 financial systems inventory information, as required by the OMB memorandum of June 30, 1994, "Five-Year Plan Inventory of Financial Systems." In accordance with this guidance, the Department updated its FY 1995 inventory submission, using the FoxPro inventory program provided by the Office of Federal Financial Management.

Financial Management Systems Inventory

Agency DOE

System Acronym	System Name	Application Reference	Application Name	Type	Status
All Applications					
Bureau DOE					
CASH-LINK	CASH-LINK	CASH-LINK	Treasury Cash-link	G	OPERATIONAL
GOALS	GOALS	DATACOLLECT	GOALS Data Collection	G	OPERATIONAL
GOALS	GOALS	OPAC	Online Payment and Collection	G	OPERATIONAL
MAX	MAX	A-11	OMB Budget Data Collection	G	OPERATIONAL
SIFMS	Single Integrated Financial Management System	DBFS	Departmental Budget Formulation System	B	OPERATIONAL
SIFMS	Single Integrated Financial Management System	DPAS/DISCAS	Dept'l Primary Acct'g System/Dept Acct	C	OPERATIONAL
SIFMS	Single Integrated Financial Management System	DPAS/FDS	Dept'l Primary Acct'g System/Fund Dist.	C	OPERATIONAL
SIFMS	Single Integrated Financial Management System	DPAS/FIS	Dept'l Primary Acct'g System/Fin Rept	C	OPERATIONAL
SIFMS	Single Integrated Financial Management System	DPAS/MARS	Dept'l Primary Acct'g System/Mgt Anal	C	PHASED
SIFMS	Single Integrated Financial Management System	PAY/PERS	Dept'l Integrated Payroll/Personnel	P	OPERATIONAL
SIFMS	Single Integrated Financial Management System	PAYOUTSOURCE	Payroll Outsourcing	P	DEVELOPMENT
SIFMS	Single Integrated Financial Management System	PFMS	Standard Power Marketing Admin Fin	C	DEVELOPMENT
SIFMS	Single Integrated Financial Management System	SWPA, SEPA	Southwestern, Southeastern & Alaska	C	OPERATIONAL
SIFMS	Single Integrated Financial Management System	WAPA	Western Area Power Administration	C	OPERATIONAL
STAR	Treasury STAR system	STAR	Treasury STAR	G	OPERATIONAL
			TOTAL AGENCY APPLICATIONS INCLUDED IN REPORT:		

FINANCIAL MANAGEMENT SYSTEMS INVENTORY

Agency DOE

System Acronym	Application Reference	Description	Functions Supported (Indicators Checked)
All Applications			
CASH-LINK	CASH-LINK		
GOALS	DATA COLLECT		
GOALS	OPAC		
MAX	A-11		
SIFMS	DBFS	Budget Formulation	BF
SIFMS	DPAS/DISCAS	Accounting functions at the Headquarters and Field Office Level	GL BE AP AR CA TR OT
SIFMS	DPAS/FDS	Funds Distribution	BE
SIFMS	DPAS/FIS	Departmental Financial Reporting	OT
SIFMS	DPAS/MARS	Departmental Financial Reporting	OT
SIFMS	PAY/PERS	Human Resource and Payroll Management Information	RP CP PR TA LD
SIFMS	PAYOUTSOURCE	Outsourcing of Payroll/Personnel Processing Activities Support	CP PR TA LD
SIFMS	PFMS	Financial Management	GL BE AP AR CA BF TA LD TR PC IN
SIFMS	SWPA,SEPA	FERC, DOE, Treasury Accounting Requirements	GL BE AP AR CA BF TA LD TR PC IN
SIFMS	WAPA	Financial Management	GL BE AP AR CA BF TA LD TR PC IN
STAR	STAR		
		TOTAL AGENCY APPLICATIONS INCLUDED IN REPORT	15

FINANCIAL MANAGEMENT SYSTEMS INVENTORY

Agency DOE

System Acronym	Application Reference	Contact Organization	Contact Person	Phone	Future Plans	Replace Appl	End Life	Impl Date	Last Upgrade	2000 Prob
All Applications										
Bureau	DOE									
CASH-LINK	CASH-LINK						0	//	//	
GOALS	DATACOLLECT						0	//	//	
MAX	A-11						0	//	//	
SIFMS	DBFS	Office of Chief Financial Officer	Peachy Danner	301-903-4792	N		2003	06/30/1992	//	Y
SIFMS	DPAS/DISCAS	Office of Chief Financial Officer	Donald Griffith	301-903-2595	U		2003	12/30/1981	01/19/1996	Y
SIFMS	DPAS/FDS	Office of Chief Financial Officer	Peachy Danner	301-903-4792	N		2003	01/30/1991	//	Y
SIFMS	DPAS/FIS	Office of Chief Financial Officer	Donald Griffith	301-903-2595	R	MARS	1997	12/31/1969	09/30/1992	N
SIFMS	DPAS/MARS	Office of Chief Financial Officer	Donald Griffith	301-903-2595	U		2006	02/01/1996	04/01/1996	N
SIFMS	PAY/PERS	Office of Organization and Management	George Hofman	301-903-4099	R	PAYOUTSOURCE	1999	12/31/1983	11/30/1991	Y
SIFMS	PAYOUTSOURCE	Office of Organization and Management	George Hofman	301-903-4099	Y		2010	06/30/1998	//	
SIFMS	PFMS	Western Area Power Administration	Dave Waltzman	303-275-1301	U		2006	09/30/1999	//	
SIFMS	SWPA, SEPA	Southwestern Power Administration	Robert F. Purnell	918-595-6741	R	PFMS	2003	12/31/1992	04/30/1994	Y
SIFMS	WAPA	Western Area Power Administration	Dave Waltzman	303-275-1301	R	PFMS	1996	10/30/1986	07/30/1994	Y
STAR	STAR						0	//	//	
				TOTAL AGENCY APPLICATIONS INCLUDED IN REPORT:						

FINANCIAL MANAGEMENT SYSTEMS INVENTORY

Agency DOE

System Acronym	Application Reference	Dept Std Sys	SIFMS	FMFIA	JFMIP Reqs	Std Data	SGL	Ext Rpt	Int Rpt	Proc	IT Stds	Date of IT Stds	Appl Type	
All Applications														
Bureau	DOE													
CASH-LINK	CASH-LINK		N	N	A							//	G	
GOALS	DATACOLLECT		N	N	A							//	G	
GOALS	OPAC		N	N	A							//	G	
MAX	A-11		N	N	A							//	G	
SIFMS	DBFS	Y	Y	N	A	C	NOTAPPL	Y	Y	Y	T	03/31/1994	B	
SIFMS	DPAS/DISCAS	Y	Y	N	Y	C	NOIMPL	Y	Y	Y	C	10/01/1986	C	
SIFMS	DPAS/FDS	Y	Y	N	Y	C	CWALLACCT	Y	Y	Y	C	08/31/1992	C	
SIFMS	DPAS/FIS	Y	Y	N	Y	C	CWALLACCT	Y	Y	Y	C	10/01/1970	C	
SIFMS	DPAS/MARS	Y	Y	N	Y	C	CWALLACCT	P	P	Y	C	10/01/1986	C	
SIFMS	PAY/PERS	Y	Y	N	Y	C	NOTAPPL	Y	Y	P	A	//	P	
SIFMS	PAYOUTSOURCE	Y	Y	N	Y	C	NOTAPPL	Y	Y	Y	A	//	P	
SIFMS	PFMS	Y	Y	N	Y	C	CWALLACCT	Y	Y	Y	C	08/01/1990	C	
SIFMS	SWPA, SEPA	N	Y	N	Y	C	PARTIALLY	P	P	Y	C	10/01/1991	C	
SIFMS	WAPA	N	Y	N	Y	C	CWALLACCT	Y	Y	Y	C	08/01/1990	C	
STAR	STAR		N	N	A							//	G	
							TOTAL AGENCY APPLICATIONS INCLUDED IN REPORT							15

FINANCIAL MANAGEMENT SYSTEMS INVENTORY

AGENCY DOE

Agency DOE								
System Acronym	Application Reference	Off Shelf	Custom	Use XSrv	Source	Prov XSrv	Num Srvd	Annual Trans Volume
All Applications								
Bureau DOE								
CASH-LINK	CASH-LINK	N	N	GW	Treasury	NA	0	0
GOALS	DATACOLLECT	N	N	GW	Treasury	NA	0	0
GOALS	OPAC	N	N	GW	Treasury	NA	0	0
MAX	A-11	N	N	GW	OMB	NA	0	0
SIFMS	DBFS	N	Y	NA	Computer Data Systems, Inc. (CDSI)	NA	0	4,000
SIFMS	DPAS/DISCAS	N	Y	NA	Pragmatics-currently; Computer Data Systems, Inc.	NA	0	470,000
SIFMS	DPAS/FDS	N	Y	NA	Computer Data Systems, Inc. (CDSI)	NA	0	878
SIFMS	DPAS/FIS	N	Y	NA	Computer Data Systems, Incl (CDSI)	NA	0	675,000
SIFMS	DPAS/MARS	N	Y	NA	Pragmatics	NA	0	650,000
SIFMS	PAY/PERS	Y	Y	NA	DOI Bureau of Reclamation, Elect Data Sys (EDS), C	EX	2	1,600,000
SIFMS	PAYOUTSOURCE	N	N	EX	Unknown	NA	0	0
SIFMS	PFMS	N	Y	NA	QSI, Inc., Martin Marietta Data Systems	NA	0	0
SIFMS	SWPA, SEPA	Y	Y	NA	QSI, Inc.	NA	0	800,000
SIFMS	WAPA	N	Y	NA	QSI, Inc., Martin Marietta Data Systems	NA	0	5,000,000
STAR	STAR	N	N	GW	Treasury	NA	0	0
					TOTAL AGENCY APPLICATIONS INCLUDED IN REPORT: 15			

FINANCIAL MANAGEMENT SYSTEMS INVENTORY

Agency DOE

System Acronym	Application Reference	Technical Environment	Mainframe	Midrange	Cli/Ser	PC	Card	Internet	Manual	Other
All Applications										
Bureau DOE										
CASH-LINK	CASH-LINK		N	N	N	N	N	N	N	N
GOALS	DATACOLLECT		N	N	N	N	N	N	N	N
GOALS	OPAC		N	N	N	N	N	N	N	N
MAX	A-11		N	N	N	N	N	N	N	N
SIFMS	DBFS	LAN, SQLBASE, Netware 3.1	Y	N	N	N	N	N	N	N
SIFMS	DPAS/DISCAS	Hewlett Packard 3000/9xx; MPE:X O/S; Image/SQL	Y	N	N	N	N	N	N	N
SIFMS	DPAS/FDS	Mainframe, MVS, ORACLE	Y	N	N	N	N	N	N	N
SIFMS	DPAS/FIS	Hewlett Packard HP3000/960	Y	N	N	N	N	N	N	N
SIFMS	DPAS/MARS	Hewlett Packard HP3000/9xx; MPE:X O/S; Image/	Y	N	N	N	N	N	N	N
SIFMS	PAY/PERS	IBM Mainframe, CICS/MVS, COBOL, VSAM & Seq	Y	N	N	N	N	N	N	N
SIFMS	PAYOUTSOURCE	Unknown	N	N	N	N	N	N	N	N
SIFMS	PFMS	HP 9000/877, UNIX, Oracle Relational Database	Y	N	N	N	N	N	N	N
SIFMS	SWPA, SEPA	Prime 50 series Mini, PRIMOS Oper Sys, Index	Y	N	N	N	N	N	N	N
SIFMS	WAPA	HP 9000/877, UNIX, Oracle Relational Database	Y	N	N	N	N	N	N	N
STAR	STAR		N	N	N	N	N	N	N	N
			TOTAL AGENCY APPLICATIONS INCLUDED IN REPORT: 15							

READER RESPONSE SHEET

*U.S. Department of Energy
Office of Chief Financial Officer*

**Reader Response Sheet
CFO - Status Report and Five Year Plan**

The Chief Financial Officer is interested in the comments and suggestions of those who read this document. Please take a few minutes to complete this sheet and send it to us at the following address:

CFO Labor/Management Partnership
Department of Energy
Room C-171
19901 Germantown Road
Germantown, MD 20874

Comments may be faxed to the Partnership at (301) 903-1241

The things I liked most about this document were:

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In the next update, the things I would like to see added or changed are:

Other comments, suggestions, or corrections:

Respondent's name, title, phone number (optional):

Date of response: